



Office of Inspector General
U.S. General Services Administration

SEMIANNUAL REPORT TO THE CONGRESS

October 2023 to March 2024



MESSAGE FROM THE INSPECTOR GENERAL

OIG PROFILE

ORGANIZATION..... 1
OFFICE LOCATIONS 2
STAFFING AND BUDGET..... 2
GSA’s MANAGEMENT CHALLENGES 3

SIGNIFICANT AUDITS

PREAWARD AUDITS 5
PERFORMANCE AUDITS 6
SUMMARY OF CONTRACT AUDIT REPORTS..... 13
FAR DISCLOSURE PROGRAM..... 14
STATISTICAL SUMMARY OF OIG AUDITS 15

SIGNIFICANT INVESTIGATIONS

CRIMINAL INVESTIGATIONS..... 16
COURT DECISION AND CIVIL SETTLEMENTS 20
INVESTIGATIONS OF SENIOR OFFICIALS 22
FLEET CARD FRAUD..... 22
NEW DEAL ART INVESTIGATIONS 23
OTHER SIGNIFICANT WORK 26
STATISTICAL SUMMARY OF OIG INVESTIGATIONS 27

GOVERNMENT-WIDE POLICY ACTIVITIES

INTERAGENCY AND INTRA-AGENCY COMMITTEES AND WORKING
GROUPS 30

APPENDIXES

APPENDIX I: ACRONYMS AND ABBREVIATIONS 34
APPENDIX II: UNIMPLEMENTED RECOMMENDATIONS 35
APPENDIX III: AUDIT AND INSPECTION REPORT REGISTER 41
APPENDIX IV: OIG REPORTS OVER 12 MONTHS OLD, FINAL AGENCY
ACTION PENDING..... 43
APPENDIX V: MANAGEMENT DECISIONS 44
APPENDIX VI: PEER REVIEW RESULTS..... 45
APPENDIX VII: GOVERNMENT CONTRACTOR SIGNIFICANT AUDIT
FINDINGS 46
APPENDIX VIII: REPORTING REQUIREMENTS 47

MESSAGE FROM THE INSPECTOR GENERAL



I am pleased to submit to Congress our Semiannual Report for the period of October 1, 2023, through March 31, 2024.

During this reporting period, we released 19 audit reports, including 13 contract audits, identifying more than \$55.4 million in potential cost savings and recoveries for the federal government. In addition, our investigative and legal work yielded \$63 million in monetary recoveries.

Notably, our office released an audit report that found GSA employees had misled a contracting officer with egregiously flawed information to acquire 150 Chinese-made videoconference cameras, in violation of the Trade Agreements Act (TAA) of 1979. These Chinese-made cameras presented known security vulnerabilities that required software updates. However, records indicated that some of these TAA-noncompliant cameras had not been updated and remained susceptible to these security concerns. Another audit found that the Public Buildings Service (PBS) was not properly assessing high-risk uses of space by federal law enforcement agencies, raising significant safety and security issues. For example, our audit found that detainees were transported through unsecure public pathways, and seized drugs were stored in evidence vaults that lacked proper ventilation. We determined that PBS is not always aware of the safety and security risks that certain activities pose to building tenants, visitors, and first responders and does not consistently take steps to mitigate these risks.

Our special agents concluded an 8-year long criminal investigation into allegations that a former U.S. Air Force employee and other individuals conspired in a bribery scheme that spanned more than a decade and involved more than \$400 million in GSA contracts. This multi-agency effort resulted in more than \$88 million in monetary recoveries and more than 34 years of combined incarceration for the defendants. Another investigation revealed that a government contractor fraudulently obtained over \$1.9 million in Department of Defense set-aside contracts by falsely certifying his company as a service-disabled veteran owned small business in GSA's System for Award Management, when in fact, he never even served in the military. He pled guilty to wire fraud and was sentenced to 15 months in prison and ordered to pay \$72,000 in restitution and a \$10,000 fine.

On January 16, 2024, the U.S. District Court for the District of Columbia granted an amended judgment in a *qui tam* case against Symantec Corporation and awarded the United States \$16.1 million in damages and \$36.8 million in civil penalties. This case was initiated based on a 2012 *qui tam* lawsuit alleging that Symantec had violated the False Claims Act in connection with its GSA contract to sell software and related items directly to federal purchasers.

These efforts would not have been possible without the dedicated men and women of the GSA OIG who seek to combat waste, fraud, and abuse of taxpayer dollars on a daily basis. I am honored to be leading this dedicated team of professionals in our important oversight endeavors and we all deeply appreciate the ongoing support of Congress and GSA management.

Robert C. Erickson
Deputy Inspector General
March 31, 2024

OIG PROFILE

ORGANIZATION

The General Services Administration (GSA) Office of Inspector General (OIG) was established on October 1, 1978, as 1 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. The OIG's 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; Tacoma, Washington; Boston, Massachusetts; Chicago, Illinois; Denver, Colorado; Fort Lauderdale, Florida; Fort Worth, Texas; Kansas City, Missouri; Laguna Niguel, California; New York, New York; Oakland, California; Philadelphia, Pennsylvania; and Washington, D.C.

STAFFING AND BUDGET

As of March 31, 2024, our on-board staffing level was 276 employees. The OIG's Fiscal Year (FY) 2024 budget is \$73.837 million in annual appropriated funds plus \$600 thousand in reimbursable authority.

GSA’s MANAGEMENT CHALLENGES

The Reports Consolidation Act of 2000, Public Law 106-531, requires Inspectors General to report on the most significant management challenges facing their agencies. The following table briefly describes the challenges the OIG identified for GSA for FY 2024. The complete assessment is posted in the Audits section of our website.

MANAGEMENT CHALLENGE	DESCRIPTION
Establishing and Maintaining an Effective Internal Control Environment	GSA continues to face significant challenges in establishing a comprehensive and effective system of internal control. Since 2018, we have cited pervasive internal control weaknesses as a challenge for GSA. This trend continued for GSA in FY 2023. We found that GSA failed to comply with laws, regulations, and policies and fully address findings identified in audit reports.
Improving Contract Administration	Each year, GSA awards contracts for products, services, and facilities totaling billions of dollars. After the contracts are awarded, GSA's work turns to contract administration, including monitoring contractor performance against contract terms, reviewing and approving requests for payment, addressing change orders, and closing out contracts. Since FY 2020, we have cited deficiencies in contract administration as a challenge for GSA. It continued to be a concern in FY 2023. While GSA has taken steps to strengthen its policies, address training for its contracting staff, and implement process improvements for its contract administration, weaknesses in GSA's contract administration persist.
Developing Efficient and Effective Acquisition Solutions	As the federal government’s primary provider of acquisition services, GSA has stated that it is committed to delivering value, innovation, and an exceptional customer experience. To meet these commitments, the Federal Acquisition Service (FAS) is undertaking several initiatives that will have a major impact on its acquisition solutions. These initiatives include: transforming the Multiple Award Schedule Program; managing supply chain risk; and managing the transition to the Enterprise Infrastructure Solutions contract. While these initiatives are intended to help FAS meet GSA’s commitments and ensure compliance with recent legislation, they also significantly change FAS's processes and programs, creating challenges to FAS's ability to meet its mission.
Maximizing the Performance of GSA’s Real Property Inventory	The Public Buildings Service (PBS) must maximize the performance of its real property inventory to provide its tenant agencies with space that meets their needs at a reasonable cost to American taxpayers. To achieve this goal, PBS needs to determine the best approach to reduce and consolidate space, reduce leasing costs, and meet operations and maintenance needs of increasingly aging buildings. Further, PBS must properly administer the capital construction program and ensure effective management of complex energy savings performance and utility energy service contracts.
Managing Agency Cybersecurity Risks	Like all federal agencies, GSA is dependent upon IT to fulfill its mission. However, as cybersecurity threats continue to emerge, sensitive government information and systems must be adequately secured to safeguard against internal and external threats that could compromise critical information and systems. GSA is not immune to these threats. Accordingly, GSA will continue to be challenged to effectively monitor and efficiently identify and respond to cybersecurity threats against Agency systems and data. GSA will need to continuously identify technical solutions and implement controls to mitigate these threats as bad actors find new ways to penetrate and navigate government networks and systems undetected.
Providing a Safe Work Environment	GSA plays a significant role in providing a safe and secure work environment for federal employees and visitors at over 8,300 federally owned and leased facilities nationwide. GSA’s responsibilities include the effective implementation of its PBS Facility Safety, Health, and Environmental Management Program to ensure compliance with safety and health requirements. GSA’s management of building safety measures is critical to protect GSA employees, contractors, and building tenants from fire, safety, and health risks. It is also critical to protect federal property from damage or loss. However, our recent audits have found that PBS continues to face significant challenges to meet and manage its responsibilities for providing a safe work environment at federally owned and leased facilities.

OIG PROFILE

MANAGEMENT CHALLENGE	DESCRIPTION
Securing Federal Facilities	GSA plays a significant role in providing secure federal facilities nationwide. However, our reports demonstrate GSA management’s significant challenges in securing federal facilities. Recent audits have found problems with GSA’s monitoring and enforcement of its security protocols. The deficiencies identified in our reports on PBS’s lack of monitoring and oversight of key security requirements and protocols, coupled with our previous reports on security at GSA facilities, demonstrate that physical security remains a challenge for GSA.
Managing the Electrification of the Federal Fleet	Executive Order 14057, <i>Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability</i> , requires 100 percent zero-emission vehicle acquisitions by 2035, including 100 percent zero-emission light-duty vehicle acquisitions by 2027. GSA’s Fleet Management faces numerous challenges in transitioning to an all zero-emission vehicle fleet. These challenges include finding available zero-emission vehicles to purchase, managing rising repair costs for the current vehicle fleet, and developing the charging infrastructure to power zero-emission vehicles.
Management of the Technology Transformation Service	In 2016, the Technology Transformation Service (TTS) joined PBS and FAS as GSA’s third service line and became the “permanent home for innovation and technology modernization inside GSA.” Approximately 1 year later, TTS was realigned within FAS and the IT Modernization Centers of Excellence to focus on whole-Agency technology modernization efforts. Since its creation, TTS (or its components) has been the subject of a U.S. Government Accountability Office audit and several GSA OIG evaluations. TTS primarily relies on GSA’s Acquisition Services Fund, a revolving fund that requires cost recovery, to fund its operations. After 7 years in existence, TTS has not yet achieved cost recovery—despite projections that it would do so by FY 2019. In addition, in September 2021, TTS shifted its focus from cost recovery to service delivery even though this is a flagrant and intentional violation of the Acquisition Services Fund’s authorizing legislation. Since as early as 2017, TTS leadership has told us that enhanced management controls and organizational changes were forthcoming to improve TTS’s operations and compliance with federal laws and regulations; however, we have seen very little improvement. In FY 2024, GSA must make a concerted effort to strengthen its oversight of TTS to ensure appropriate controls are in place and prudent financial management occurs.

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 and price for federal customers. During this reporting period, we issued 19 audit reports, including 13 contract audits. Our contract audit work identified more than \$55.4 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. We oversee GSA's procurement program, which generates billions of dollars in annual sales through thousands of contracts, by conducting preaward, postaward, and performance audits. Historically, for every dollar invested in our preaward audits, we recommend at least \$20 in cost savings to the government through lower prices or more favorable contract terms and conditions for the benefit of the taxpayer.

The predecisional, 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.

During this reporting period, three of our more significant preaward audits were of schedule contracts with combined projected government sales of more than \$437.4 million. Through these audits, we identified potential savings and recoveries of nearly \$44.3 million. We found, among other things, that Commercial Sales Practices (CSP) submissions did not serve as a suitable basis for negotiations; proposed labor rates were overstated; GSA schedule sales were not accurately reported; and the associated Industrial Funding Fee was not paid.

PERFORMANCE AUDITS

GSA PURCHASED CHINESE-MANUFACTURED VIDEOCONFERENCE CAMERAS AND JUSTIFIED IT USING MISLEADING MARKET RESEARCH

Report Number A220070/A/6/F24002, dated January 23, 2024

In 2022, our office was contacted by a GSA employee who was concerned about GSA's purchase and use of Chinese-manufactured videoconference cameras. Our audit objective was to determine whether GSA's purchase and use of these Chinese-manufactured videoconference cameras were in accordance with federal laws, regulations, and internal guidance.

We found that GSA Office of Digital Infrastructure Technologies (IDT) employees misled a contracting officer with egregiously flawed information to acquire 150 Chinese-made videoconference cameras. Because these cameras were manufactured in China, they were not compliant with the Trade Agreements Act of 1979 (TAA). Before completing the purchase, the contracting officer requested information from GSA IDT to justify its request for the TAA-noncompliant cameras, including the existence of TAA-compliant alternatives and the reason for needing this specific brand of camera. In response, GSA IDT provided misleading market research in support of the TAA-noncompliant cameras and failed to disclose that comparable TAA-compliant alternatives were available. Also, the TAA-noncompliant cameras have known security vulnerabilities that need to be addressed with a software update. However, GSA records indicate that some of these TAA-noncompliant cameras have not been updated and remain susceptible to these security vulnerabilities.

Based on our audit findings, we made four recommendations to the GSA Administrator: (1) ensure that GSA no longer purchases TAA-noncompliant cameras if there are TAA-compliant cameras that meet the Agency's requirements; (2) return, or otherwise dispose of, previously purchased TAA-noncompliant cameras; (3) strengthen controls to ensure that TAA-compliant products are prioritized during future procurements; TAA contracting officer determinations are adequately reviewed prior to approval, including any comparisons or market research performed; head of contracting activity non-availability determinations are obtained prior to procuring TAA-noncompliant products; and IT equipment is being updated in a timely manner to reduce the risk of overlooking identified vulnerabilities; and (4) take appropriate action against the Office of GSA Information Technology and GSA IDT personnel to address the misleading information provided to the contracting officer for the purchase of TAA-noncompliant cameras.

GSA senior management partially agreed with our report recommendations. In their comments, they stated they were confident that GSA's current security protocols are sufficient to secure the TAA-noncompliant cameras. They also stated that those security protocols included already discontinuing the use of some TAA-noncompliant cameras that do not meet GSA's standards. However, due to security and procurement concerns, we reaffirmed our recommendation that GSA should return or dispose of these TAA-noncompliant cameras.

PBS IS NOT ASSESSING HIGH-RISK USES OF SPACE BY FEDERAL LAW ENFORCEMENT AGENCIES, RAISING SAFETY AND SECURITY ISSUES

Report Number A220077/P/6/R24002, dated February 14, 2024

In March 2022, we issued an audit report on the PBS's fire, safety, and health space evaluation policy.¹ During that audit, we found that PBS had not set consistent expectations for federal law enforcement agencies regarding the transportation of detainees through GSA-controlled (both owned and leased) space, the possession and storage of seized drugs, and the storage of small arms and ammunition. As a result, we included this audit in our *Fiscal Year 2022 Audit Plan*.

We performed this audit to determine if PBS's safety assessments of GSA-controlled space for federal law enforcement agencies provide safe and secure environments in accordance with applicable laws, regulations, policies, and guidance. Specifically, we focused on federal law enforcement agencies' high-risk uses of space and how PBS addresses procedures for the transportation of detainees through GSA-controlled areas, the storage of seized drugs, and the storage of ammunition.

We found that PBS is not effectively managing high-risk uses of GSA-controlled space occupied by federal law enforcement agencies. We also found PBS does not define some federal law enforcement activities as high-risk activities. As a result, PBS is not always aware of the safety and security risks these activities pose to building tenants, visitors, and first responders and does not consistently take steps to mitigate these risks. During our audit, we identified the following safety and security risks:

- Detainees were transported through unsecure public pathways;
- Seized drugs were stored in evidence vaults that lacked proper ventilation; and
- Fire and safety risks from the storage of ammunition in law enforcement armories were not mitigated.

We also found that PBS has not established clear lines of responsibility for notifying first responders of the location of armories during fire emergencies.

Based on our audit findings, we made three recommendations to the PBS Commissioner: (1) address the specific safety and security risks we identified by ensuring, in coordination with the federal law enforcement agencies, that detainees are transported through secure pathways to minimize safety and security threats to building tenants and visitors; seized drugs are stored in an area that prevents the drug particles from becoming airborne; and roles and responsibilities are established for notifying emergency responders of the location of armories during emergencies; (2) conduct a comprehensive assessment to identify and expedite actions to mitigate safety and security risks at each GSA-controlled space that federal law enforcement agencies occupy; and (3) expand GSA Order PBS 1000.4B, *High Risk Operations*, to identify,

¹ *PBS Has Not Identified All High-Risk Uses of Space, Resulting in Potential Safety Risks* (Report Number A210020/P/6/R22003, March 24, 2022).

SIGNIFICANT AUDITS

assess, and mitigate risks associated with transporting detainees, storing seized drugs, and storing ammunition in GSA-controlled space.

The PBS Commissioner partially agreed with the report recommendations. The PBS Commissioner acknowledged that transporting detainees, storing seized drugs, and storing ammunition in GSA-controlled space represent security or safety risks. However, he implied that these are not high-risk activities and concluded that PBS's *High Risk Operations* policy "is not the appropriate place to address these issues."

We disagreed. For the reasons described in our audit report, the transportation of detainees, storage of seized drugs, and storage of ammunition are each inherently high-risk activities. Because these activities are not identified under PBS's *High Risk Operations* policy, PBS is not evaluating, assessing, and mitigating the associated safety and security risks. Updates to PBS's *High Risk Operations* policy are necessary to ensure that GSA consistently identifies high-risk activities and takes corresponding measures to place law enforcement agency tenants in space that safely accommodates their operations. This in turn will reduce the potential harm to other building tenants, visitors, and first responders. Therefore, we reaffirmed our recommendation.

GSA'S ROBOTIC PROCESS AUTOMATION PROGRAM LACKS EVIDENCE TO SUPPORT CLAIMED SAVINGS

Report Number A210057/B/5/F24001, dated November 30, 2023

The Robotic Process Automation (RPA) program was first introduced as an initiative within the GSA Office of the Chief Financial Officer in January 2018. GSA formalized its RPA program in June 2019 with the goal of using RPAs (commonly referred to as "bots") to perform routine tasks. Bots are rules-based software that simulate human actions on a computer, such as copying data, filling in forms, signing into applications, and analyzing data. Accordingly, GSA designed bots to allow its employees to spend more time on non-routine tasks that require human judgment.

We performed this audit to evaluate: (1) GSA's claim that its RPA program reclaimed more than 240,000 work hours annually and (2) the program's internal controls. Our audit objective was to determine whether GSA effectively uses bots to free up work hours and achieve cost savings.

We found that GSA lacks evidence to support its claims that its RPA program is generating savings. We found that GSA is not verifying the actual work hours saved with end-users of its bots. Because of this, GSA's assertion in its Fiscal Year 2020 *Agency Financial Report* that its RPA program reclaimed more than 240,000 work hours annually was inaccurate and unreliable. We also found that GSA is not tracking the costs associated with its bots, which precludes GSA from determining whether the bots are generating cost savings and a return on investment.

Based on our audit finding, we made two recommendations to the GSA Chief Financial Officer: (1) establish a performance evaluation process for its bots to ensure they are performing as intended and that the RPA program is achieving its goals. As part of this effort, the Office of the Chief Financial Officer should develop objective and auditable measures and metrics that

SIGNIFICANT AUDITS

support the work hours saved by bots, as described in the *RPA Program Playbook*; and (2) track the costs to develop each bot to allow the RPA program to develop objective statistics, such as return on investment.

The GSA Chief Financial Officer acknowledged the report recommendations.

AUDIT OF PBS'S LEASE AWARD AND ADMINISTRATION FOR THE BUREAU OF LAND MANAGEMENT FIELD OFFICE IN BAKER CITY, OREGON

Report Number A230021/P/9/R24001, dated December 8, 2023

We performed this audit in response to a hotline complaint regarding indoor air quality (IAQ) issues at the U.S. Department of the Interior's Bureau of Land Management (BLM) field office in Baker City, Oregon. The complainant asserted that since initial occupancy of the new leased space in 2014, BLM employees were exposed to volatile organic compounds, causing headaches, dizziness, eye problems, and respiratory problems. Volatile organic compounds are a broad class of pollutants affecting IAQ.

PBS has established a lease administration program to ensure that lessors comply with lease terms and conditions and to oversee issues with leased space that may affect the health, safety, and security of tenants, including IAQ and building maintenance. Our objectives were to determine whether PBS investigated the IAQ issues in a timely manner and enforced lease terms to prevent or resolve health, safety, and security incidents.

We found that IAQ issues were not promptly resolved, risking the health of BLM staff. From initial occupancy of the BLM field office, BLM staff reported IAQ concerns. Although PBS, BLM, and the lessor attempted to identify and address the problem, it was not completely remediated until the source contaminant was removed in November 2020—more than 6 years after BLM staff first reported their concerns.

We also found that PBS did not resolve outstanding maintenance issues in a timely manner, risking the safety and security of BLM staff. When we began our audit fieldwork, there were two maintenance issues that had been outstanding for more than a year: a malfunctioning parking gate and front door. We found that PBS did not identify the malfunctioning parking gate in its lease inspections. PBS also did not issue deficiency letters to the lessor for these maintenance issues when they were identified. Additionally, PBS did not ensure that the lessor provided local representatives to address maintenance issues at the BLM field office as required by the lease terms.

Based on our audit findings, we made four recommendations to the PBS Regional Commissioner for the Northwest/Arctic Region: (1) assess the actions taken in response to the IAQ issues at the BLM field office in Baker City, Oregon. Based on this assessment, the PBS Regional Commissioner should: develop and implement a management control process that promptly responds to IAQ complaints, and establish clear lines of communication between lease administration managers and Building Services and Safety Branch personnel to promptly address IAQ issues; (2) improve lease administration manager communication with tenants

SIGNIFICANT AUDITS

during the annual lease inspection to ensure that PBS is aware of all tenant staff concerns, particularly those related to safety and security issues, and that all issues are documented in the GSA 500, *Lease Inspection Form*; (3) ensure lease administration managers take proactive actions to resolve long-standing issues by issuing Deficiency Identified Letters in a timely manner and holding lessors accountable for noncompliance; and (4) enforce the BLM field office lease terms requiring onsite or locally available maintenance personnel, and recover rent paid to the lessor equivalent to the period that the maintenance personnel were not provided since November 2019.

The PBS Regional Commissioner for the Northwest/Arctic Region agreed with the report recommendations.

IMPLEMENTATION REVIEW OF CORRECTIVE ACTION PLAN: AUDIT OF PBS BASIC REPAIRS AND ALTERATIONS PROJECT: UNITED STATES COURT OF INTERNATIONAL TRADE BUILDING, REPORT NUMBER A200976/P/2/R21004, JUNE 17, 2021

Assignment Number A230076, dated November 30, 2023

We performed an implementation review of the management actions taken in response to the recommendations contained in our June 17, 2021, audit report, *Audit of PBS Basic Repairs and Alterations Project: United States Court of International Trade Building, Report Number A200976/P/2/R21004*. The objective of our audit was to determine whether PBS's Northeast and Caribbean Region (PBS Region 2) planned, awarded, administered, and closed-out the contract for the project in accordance with the Federal Acquisition Regulation, General Services Administration Acquisition Manual, and other applicable policies.

Our June 2021 audit report found that PBS Region 2 did not award and administer the contract in accordance with applicable regulations and GSA policies. We found that PBS Region 2 did not obtain a signed, original Conflict of Interest Acknowledgment and Nondisclosure Agreement form from each member of the Source Selection Evaluation Board; allowed a project manager to act as a contracting officer's representative for over a year without the proper written delegation of authority; did not maintain necessary contract file documentation; and reported inaccurate contract award information in the Federal Procurement Data System-Next Generation (FPDS-NG).

Based on our audit findings, we made two recommendations to the PBS Region 2 Regional Commissioner. One of our recommendations was to ensure that the personnel responsible for the award and administration of the contract to upgrade three passenger elevators at the United States Court of International Trade building in New York, New York, understand their responsibilities with respect to: (1) obtaining a signed, original Conflict of Interest Acknowledgment and Nondisclosure Agreement form from each member of the Source Selection Evaluation Board before starting the evaluation of technical proposals; (2) properly designating contracting officer's representatives prior to being assigned contract oversight responsibilities; (3) maintaining complete and accurate contract documentation in accordance with applicable Federal Acquisition Regulation, General Services Administration Acquisition

SIGNIFICANT AUDITS

Manual, and GSA policies; and (4) entering accurate and complete contract information in the FPDS-NG.

However, our implementation review found that PBS Region 2 did not fully implement the corrective actions for this recommendation. Specifically, we found that PBS Region 2 did not ensure that its acquisition workforce—including the personnel responsible for the contract—completed the training outlined in its corrective action plan.

OVERSIGHT OF THE INDEPENDENT AUDITOR’S AUDIT ON GSA’S FINANCIAL STATEMENTS FOR FISCAL YEAR 2023

As required by the Chief Financial Officers Act of 1990, Public Law 101-576, as amended, the GSA’s Fiscal Year 2023 Financial Statements Audit was performed by an independent public accounting (IPA) firm. We monitored the audit for compliance with generally accepted government auditing standards and Office of Management and Budget Bulletin No. 24-01, *Audit Requirements for Federal Financial Statements*.

The IPA identified certain deficiencies in internal controls that it considered to be a significant deficiency. Specifically, the IPA reported that manual compensating controls over journal entries were not consistently implemented across GSA.

OVERSIGHT OF THE FISCAL YEAR 2023 INDEPENDENT PERFORMANCE AUDIT ON THE EFFECTIVENESS OF GSA’S INFORMATION SECURITY PROGRAM AND PRACTICES

The Federal Information Security Modernization Act of 2014 (FISMA) requires an annual evaluation of each agency’s information security program and practices. For FY 2023, GSA contracted with an IPA to conduct a performance audit for the annual evaluation and complete the FY 2023 Inspector General (IG) FISMA Reporting Metrics. We monitored the IPA’s work and reviewed its report and documentation for compliance with auditing standards and contractual requirements.

The IPA concluded, based on the IG FISMA Reporting Metrics scoring model, that GSA’s overall information security program was “effective.” However, the IPA identified that two of nine FISMA metric domain areas had deficiencies and provided two recommendations. GSA has opportunities to mature its information security program in FISMA domains across all five Cybersecurity Framework security functions.

IMPLEMENTATION REVIEW OF CORRECTIVE ACTION PLAN: AUDIT OF THE PUBLIC BUILDINGS SERVICE’S EFFECTIVENESS IN MANAGING DEFERRED MAINTENANCE, REPORT NUMBER A190066/P/2/R21009, SEPTEMBER 30, 2021

Assignment Number A240026, dated February 21, 2024

We performed an implementation review of the management actions taken in response to the recommendations contained in our September 30, 2021, audit report, *Audit of the Public Buildings Service’s Effectiveness in Managing Deferred Maintenance, Report Number*

SIGNIFICANT AUDITS

A190066/P/2/R21009. The objectives of the audit were to determine whether PBS: (1) accurately reports deferred maintenance estimates for its building inventory in GSA's fiscal year Agency Financial Report and (2) has information systems in place to accurately plan and track the remediation of immediate building liabilities from year to year.

Our audit found that: (1) the accuracy of GSA's reported deferred maintenance cost estimate is affected by data shortcomings and errors, including over \$280 million in duplicative costs; and (2) PBS's national maintenance strategy has not been effective to reduce its deferred maintenance backlog.

Based on our audit findings, we made four recommendations to the PBS Commissioner: (1) establish a national policy and training program that provides personnel with guidance on how to conduct building surveys, accurately enter results into the Building Assessment Tool system, and account for interim remediation of building liabilities; (2) update the Building Assessment Tool pricing module to generate estimates more closely aligned to external and regional cost estimates; (3) correct the duplicate entries identified in our audit and review its deferred maintenance reports to identify and correct any additional errors; and (4) improve its national maintenance strategy to place greater emphasis on its growing list of immediate liabilities by prioritizing projects to reduce them.

Our implementation review determined that PBS has taken appropriate corrective actions to address the report 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 October 1, 2023, to March 31, 2024, we issued 13 contract audit reports. In these reports, we found:

- 8 contractors either overcharged GSA customers or overstated their proposed labor rates.²
- 6 contractors did not submit accurate, current, and complete information.
- 3 contractors assigned employees who were unqualified for their billable positions to work on GSA schedule task orders.
- 3 contractors did not follow other terms and conditions of its contract.
- 1 contractor did not accurately report its schedule sales and did not pay the associated Industrial Funding Fee.
- 1 contractor did not maintain an adequate system to properly administer the Price Reductions Clause and did not comply with price reduction provisions.

We also recommended over \$55.4 million in cost savings. 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.

October 1, 2023 – March 31, 2024

CONTRACT AUDIT REPORTS	
Recommendations That Funds Be Put to Better Use	\$50,611,542
Questioned Costs	\$4,812,820

² This includes claims that have been submitted but not yet paid.

FAR DISCLOSURE PROGRAM

The Federal Acquisition Regulation (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

FAR 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, our 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 3 new disclosures regarding contract overbillings, price reduction clause violations, contract disclosure deficiencies, and inaccurate small business determinations. We concluded our evaluation of 4 disclosures, assisted with 4 disclosures referred by other agencies because of the potential effect on GSA operations, and continued to evaluate 11 existing disclosures during this reporting period.

STATISTICAL SUMMARY OF OIG AUDITS

October 1, 2023 - March 31, 2024

OFFICE OF AUDITS	
Total Financial Recommendations	\$55,446,362
These include:	
Recommendations That Funds Be Put to Better Use	\$50,611,542
Questioned Costs	\$4,834,820
Audit Reports Issued	19
Audit Memoranda Provided to GSA	0
GSA Management Decisions Agreeing with Audit Recommendations	\$105,313,417

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, counterfeit or substandard products, embezzlement, bribery, antitrust violations, credit card fraud, diversion of excess government property, and digital crimes.

During this reporting period, the office opened 64 investigative cases, closed 56 investigative cases, referred 53 subjects for criminal prosecution, and helped obtain 16 convictions. Civil, criminal, and other monetary recoveries resulting from our investigations totaled more than \$63.3 million.

CRIMINAL INVESTIGATIONS

FORMER GOVERNMENT EMPLOYEE AND CO-CONSPIRATORS SENTENCED IN MULTI-MILLION DOLLAR BRIBERY SCHEME

GSA OIG completed its criminal investigation into allegations that Keith Seguin, a former U.S. Air Force employee; Rubens Fiuza Lima, the owner of Impex, Inc.; and David J. Bolduc, Jr., one of the owners of QuantaDyn Corporation, conspired in a bribery scheme that spanned more than a decade and involved GSA contracts valued at over \$400 million.

In October 2019, a federal grand jury in San Antonio returned an indictment charging QuantaDyn, Bolduc, Seguin, and Fiuza Lima with conspiracy to defraud the United States, conspiracy to commit wire fraud, and conspiracy to commit money laundering. Specifically, the investigation determined that from 2007 to 2018, Bolduc and QuantaDyn paid more than \$2.3 million in bribes to Seguin, who administered GSA and Department of Defense contracts. In return, Seguin used his federal position to steer government contracts for military training simulators to QuantaDyn. A portion of the bribe money paid to Seguin was laundered through Fiuza Lima's company, Impex, Inc. All three individuals and the company, QuantaDyn, pleaded guilty to conspiracy for their roles in the scheme. In addition, Seguin pleaded guilty to tax fraud and making false statements in relation to this scheme and pleaded guilty to additional relevant conduct for his involvement in stealing \$239,388 worth of government-owned simulator parts that he sold online.

SIGNIFICANT INVESTIGATIONS

The investigation also determined that John Hancock and Karen Paulsen, both former program managers with a defense contractor, conspired with Seguin, Bolduc, QuantaDyn, and others to steer a \$413 million GSA Alliant Governmentwide Acquisition Contract to their employer with the understanding that work would be sole sourced in subcontracts to QuantaDyn. Both Hancock and Paulsen pleaded guilty to conspiracy for their roles in the scheme.

This multi-agency investigation resulted in more than \$88 million in monetary recoveries for the government and more than 34 years of combined incarceration for the defendants.

- Keith Seguin, David Bolduc, John Hancock, Rubens Fiuza Lima, Karen Paulsen, and QuantaDyn were all ordered to pay, jointly and severally, toward the total \$37.7 million in restitution.
 - Keith Seguin was sentenced to 188 months in prison for conspiracy to commit wire fraud and 36 months in prison for making a false income tax return, both sentences to run concurrently. He was ordered to pay an additional \$976,006 in restitution, pay a \$2.3 million money judgment for the bribes he received, and forfeit two automobiles and more than \$362,000.
 - David Bolduc was sentenced to 120 months in prison, ordered to pay a \$50,000 fine, pay an \$8.7 million money judgement, and forfeit over \$2.7 million.
 - John Hancock was sentenced to 40 months in prison and ordered to pay a \$50,000 fine.
 - Rubens Fiuza Lima was sentenced to 27 months in prison and ordered to pay a \$25,000 fine.
 - Karen Paulsen was sentenced to 6 months home confinement, 5 years of probation, 100 hours of community service during each year of probation and ordered to pay a \$25,000 fine.
 - QuantaDyn was sentenced to 5 years' probation and ordered to pay a \$6.3 million fine, a \$22.8 million forfeiture money judgment, and forfeit \$7.1 million in seized assets.

GSA OIG investigated this case with Internal Revenue Service Criminal Investigation, Defense Criminal Investigative Service (DCIS), Army Criminal Investigation Division (CID), and U.S. Air Force Office of Special Investigations (AFOSI).

GAS STATION MANAGER SENTENCED FOR FRAUDULENTLY BILLING FUEL TRANSACTIONS

A GSA OIG investigation revealed that between February 2018 through August 2021, Umer Hassan Mir, employed as the manager at a gas station in Metuchen, New Jersey, illicitly obtained credit card numbers from GSA SmartPay Wright Express fuel cards assigned to leased Amtrak vehicles during legitimate transactions. Later, on numerous dates, when no government vehicles were present, Mir manually input the credit card numbers into the point-of-sale terminal simulating fuel purchases. Subsequently, he withdrew cash equivalent to the fraudulent transactions from the cash register for personal gain.

On July 12, 2022, Mir pleaded guilty to an information charging him with fraud and related activity in connection with an access device in U.S. District Court, District of New Jersey. On

SIGNIFICANT INVESTIGATIONS

February 8, 2023, Mir was sentenced to 5 months in prison, 5 months' home confinement, and 2 years' supervised release. Additionally, Mir was ordered to pay restitution totaling \$78,162. GSA OIG investigated this case with Amtrak OIG, U.S. Postal Inspection Service, and Metuchen Police Department.

FORMER GOVERNMENT CONTRACTOR RECEIVES 15-MONTH PRISON SENTENCE FOR HIS ROLE IN A FRAUD SCHEME AGAINST THE GOVERNMENT

A GSA OIG investigation found that Jonathan Walker, owner of Walker Investment Properties, fraudulently represented his company in GSA's System for Award Management (SAM) as a service-disabled veteran owned small business (SDVOSB). He used these representations to secure two Department of Defense contracts valued at over \$1.9 million. Walker was not disabled from military service, had never served in the military, and did not qualify for these contracts. On September 14, 2022, Walker was indicted by a federal grand jury on charges of wire fraud and making false statements. He pleaded guilty to wire fraud on July 11, 2023. On November 8, 2023, Walker was sentenced to 15 months in prison, 1-year supervised release, \$72,000 in restitution, and a \$10,000 fine. GSA OIG investigated this case with the DCIS and Army CID.

FORMER ASSISTANT POLICE CHIEF SENTENCED TO ONE YEAR IN PRISON FOR STEALING FEDERALLY OWNED FIREARMS

A GSA OIG investigation found that former Assistant Police Chief Shawn Karr of the Boswell Police Department in Boswell, Oklahoma, pawned seven federally owned firearms that were loaned to his Department through GSA's Federal Surplus Personal Property Donation Program and the Defense Logistics Agency's Law Enforcement Support Office. Agents tracked the firearms to pawn shops throughout Oklahoma and obtained transfer documents associated with each transaction to prove Karr pawned the firearms as collateral in exchange for cash. They successfully recovered all the firearms, Karr pleaded guilty to possession of stolen firearms, and on November 2, 2023, he was sentenced to 1 year in prison and 2 years' supervised release. GSA OIG investigated this case with DCIS.

COMPANY AGREED TO PAY \$949,000 CRIMINAL MONETARY PENALTY FOR VIOLATIONS COMMITTED BY PREVIOUS OWNERS

A GSA OIG investigation found that between 2008 and 2020, the former owners of Pro-Mark Services, Inc. (Pro-Mark), executed a scheme to obtain government set-aside construction contracts for the company, amounting to approximately \$70 million in federal contracts being awarded, despite Pro-Mark not being eligible to compete for these contracts. The former owners then cashed out of the company, selling it to Pro-Mark's employees via an employee stock ownership plan transaction. On October 30, 2023, the Department of Justice (DOJ) Antitrust Division, and the United States Attorney's Office for the District of North Dakota entered into a non-prosecution agreement (NPA) with Pro-Mark. The NPA required the

SIGNIFICANT INVESTIGATIONS

company to pay a penalty of \$949,000 and to continue implementing a compliance and ethics program. GSA OIG investigated this case with Department of Health and Human Services (HHS) OIG, Federal Bureau of Investigation (FBI), Small Business Administration OIG, Army CID, DCIS, Department of Veterans Affairs (VA) OIG, and AFOSI.

EIGHT INDIVIDUALS CONVICTED IN ELABORATE GOVERNMENT PURCHASE CARD FRAUD SCHEME

A GSA OIG investigation revealed that two Department of Energy (DOE), Western Area Power Administration (WAPA), contract employees conspired with associates to make nearly \$1 million in illicit government purchase card (GPC) purchases. The WAPA contract employees intentionally deleted warehouse supplies from the electronic inventory system and purported to replenish the items by making fictitious GPC purchases from companies created by the associates. The investigation found the items were never removed from the warehouse shelves, and the supplies were never actually purchased. Co-conspirators worked in concert to submit fraudulent invoices to WAPA, resulting in WAPA making multiple payments for supplies that were never actually ordered. Co-conspirators maintained bank accounts in the name of shell companies to receive the fraudulent payments and distribute the ill-gotten funds. The following defendants were prosecuted, sentenced, and ordered to pay restitution, jointly and severally:

- Jared Newman pleaded guilty to wire fraud and aiding and abetting. He was sentenced to 55 months in prison, 3 years' probation, and ordered to pay \$879,392 in restitution for his role in the scheme. Additionally, the plea agreement contained a factual basis and cause to issue a personal money judgment in the amount of \$652,292.
- Jacob Newman pleaded guilty to theft of government property and was sentenced to 15 months in prison, 3 years' probation, and ordered to pay \$120,532 in restitution.
- John Atwood pleaded guilty to theft of government property and was sentenced to 3 years' probation and ordered to pay \$50,943 in restitution.
- Charles Branson pleaded guilty to theft of government property and was sentenced to 180 days of home confinement, 3 years' probation, and \$165,003 in restitution.
- Britini Branson pleaded guilty to theft of government property and was sentenced to 90 days of home confinement, 3 years' probation, and \$81,872 in restitution.
- Maranda Frazee pleaded guilty to theft of government property and was sentenced to 4 years' probation, 50 hours of community service, and ordered to pay \$194,210 in restitution.
- Ashley Oldham pleaded guilty to theft of government property and was sentenced to 3 years' probation and ordered to pay \$87,516 in restitution.
- Matthew Cline was found guilty by jury trial on wire fraud. He was sentenced to 4 years' probation and ordered to pay \$179,314 in restitution and forfeit \$20,268.

GSA OIG investigated this case with DOE OIG and the FBI.

COURT DECISION AND CIVIL SETTLEMENTS

SYMANTEC CORPORATION ORDERED TO PAY THE UNITED STATES NEARLY \$53 MILLION FOR VIOLATING THE FALSE CLAIMS ACT

On January 16, 2024, the U.S. District Court for the District of Columbia granted an amended judgment in a *qui tam* case against Symantec Corporation (Symantec) and awarded the United States \$16.1 million in damages and \$36.8 million in civil penalties. This ruling followed a motion filed by DOJ to amend and supplement the findings of fact and conclusions of law of a partial judgment in favor of the United States in the amount of \$1.2 million in damages and penalties. Symantec recently filed a motion to amend and supplement the Court's amended findings of fact and conclusions of law, which is still pending before the district court.

This case was initiated based on a 2012 *qui tam* lawsuit alleging that Symantec had violated the False Claims Act in connection with its GSA contract to sell software and related items directly to federal purchasers. It was alleged that Symantec knowingly provided the United States with inaccurate and incomplete information about the prices it was offering to its commercial customers, and GSA relied on this information to negotiate the minimum discounts Symantec was required to provide government customers. In addition, the contract required Symantec to update GSA when commercial discounts improved and extend the same improved discounts to government purchasers. The suit contended that Symantec misrepresented its true commercial sales practices, ultimately leading to government customers receiving discounts inferior to those Symantec gave to its commercial non-government customers. The contract at issue was in place from 2007 to 2012. The DOJ intervened in the *qui tam* action and the Court presided over a 4-week bench trial in February and March 2022.

COMPANY ORDERED TO PAY \$3.9 MILLION THAT IT MISREPRESENTED ITS SMALL BUSINESS STATUS

A GSA OIG investigation resulted in Planned Systems International, Inc. (PSI), and its subsidiary, QuarterLine Consulting Services, LLC agreeing to pay \$3.9 million to resolve allegations that QuarterLine misrepresented its women-owned small business (WOSB) status to obtain a task order they were ineligible to receive on an indefinite delivery/indefinite quantity (IDIQ), multiple-award contract to provide physician, nursing, and ancillary services at military treatment facilities. At the time of the IDIQ award, QuarterLine was a WOSB and eligible to compete for set-aside task orders. However, QuarterLine was later acquired by PSI, which caused QuarterLine to forfeit its WOSB status. QuarterLine failed to update its size certifications in SAM as required within 30 days of the acquisition. QuarterLine subsequently submitted a proposal for the task order which falsely represented that it was a WOSB and that its SAM representations were current, complete, and accurate. On January 26, 2024, PSI and QuarterLine agreed to pay \$3.9 million to resolve allegations that it misrepresented its WOSB status. GSA OIG investigated this case with the DCIS, AFOSI, and Army CID.

PAVION COMPANY AGREED TO PAY \$1.75 MILLION TO SETTLE CIVIL FRAUD ALLEGATIONS

On November 29, 2023, the Pavion Company (Pavion) agreed to pay \$1.75 million to settle civil fraud allegations that it and its subsidiaries improperly obtained government contracts that were set-aside for small businesses. Pavion allegedly ceased to qualify as a small business after its predecessor company was acquired in 2016 by the private equity firm Tower Arch Capital, and, after its acquisition, Pavion, including two of its subsequently acquired subsidiaries, falsely certified themselves as qualified small businesses in SAM. GSA OIG investigated this case with DCIS, AFOSI, HHS OIG, Army CID, Naval Criminal Investigative Service (NCIS), DOJ OIG, Department of the Interior (DOI) OIG, Treasury Inspector General for Tax Administration, VA OIG, Department of Commerce (Commerce) OIG, DOE OIG, Coast Guard Investigative Service (CGIS), Department of Transportation OIG, Federal Housing Finance Agency, Department of State OIG, National Transportation Safety Board, Occupational Safety and Health Review Commission, and Department of Homeland Security OIG.

CONTRACTOR AGREED TO PAY \$1.35 MILLION TO SETTLE ALLEGATIONS THAT IT FAILED TO SUBCONTRACT WITH SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESSES

On November 30, 2023, Media Plumbing & Heating, Inc. (Media), a SDVOSB and GSA contract holder, agreed to pay \$1.35 million to settle allegations that Media violated the False Claims Act. Between January 1, 2016, and December 31, 2022, Media was awarded multiple VA contracts, including several awarded under a GSA Multiple Award Schedule contract, for servicing fire and life safety systems at VA facilities located across the country. Under the terms of these contracts, Media was required to subcontract with companies that were similarly situated SDVOSBs; the government alleged that Media failed to comply with these subcontracting requirements. GSA OIG investigated this case with VA OIG.

RPS GROUP INC. AGREED TO PAY \$465,293 TO SETTLE FALSE CLAIMS ALLEGATIONS

On October 5, 2023, RPS Group, Inc. (RPS), a GSA contract holder, agreed to pay \$465,293 to resolve allegations that it violated the False Claims Act. RPS, a global professional services company headquartered in Houston, Texas, held multiple federal government and Department of Defense contracts. To maximize revenue and avoid hitting budgetary ceilings, it was alleged that RPS unlawfully engaged in a practice of moving recorded labor hours between government projects with different funding sources, submitted invoices for work that was not performed, and falsely inflated employee billing rates. The conduct was brought to the government's attention both through a RPS corporate disclosure after being acquired by another party and through complaints by four former employees. GSA OIG investigated this case with Army CID, CGIS, Commerce OIG, DCIS, DOI OIG, Environmental Protection Agency OIG, National Aeronautics and Space Administration OIG, and NCIS.

INVESTIGATIONS OF SENIOR OFFICIALS

FORMER GS-15 GSA OFFICIAL AGREED TO PAY \$49,119 TO SETTLE TIMECARD FRAUD ALLEGATIONS

On October 14, 2023, Steven Babitch, a former GS-15 employee of FAS, entered into a settlement agreement with the U.S. Attorney's Office for the District of Columbia. He agreed to pay \$49,119 to settle allegations that over a period of almost 5 years, he falsely certified that he worked approximately 732 hours connected to travel outside of the United States while, in fact, he was on vacation or performing outside consulting work unrelated to his GSA duties.

FLEET CARD FRAUD

The Office of Investigations collaborates with GSA's Fleet Loss Prevention Team to prevent, detect, and investigate fraud involving GSA's government-wide Fleet program. During this reporting period, our investigations uncovered embezzlement, theft for personal gain, conspiracy to commit bank fraud, aggravated identity theft, and organized fraud. Our work on Fleet card investigations during this reporting period resulted in 8 arrests and 11 individuals sentenced to a combined total of 11 years of confinement, 18 years of probation, and 32 hours of community service.

Examples of successful Fleet card fraud cases include the following:

- An investigation resulted in six individuals pleading guilty to conspiracy to commit bank fraud and aggravated identity theft for their roles in a scheme to steal the identities of individuals and use the stolen credentials to clone credit cards, including GSA Fleet cards, to make fuel purchases. The following defendants were prosecuted, sentenced, and ordered to pay, jointly and severally, toward the total \$201,468 in restitution:
 - Yosbel Delgado-Valdes was sentenced to 50 months in prison and 3 years of supervised release.
 - Yarislandi Padron-Cruz was sentenced to 4 years in prison and 5 years of supervised release, and forfeiture of \$39,052.
 - Yofre Napoleon Almonte was sentenced to 3 years in prison and forfeiture of \$38,372.
 - Emmanuel Nina-Perez was sentenced to 27 months in prison, 4 years of supervised release, and forfeiture of \$38,372.
 - Jandry Artigas-Reyes was sentenced to 45 months in prison, 3 years of supervised release, and forfeiture of \$38,372.
 - Iraldo Pereda-Mendez was sentenced to 39 months in prison, 2 years' probation, and forfeiture of \$38,372.

GSA OIG investigated this case with the FBI and Salt Lake City Police Department.

SIGNIFICANT INVESTIGATIONS

- Maikel Fernandez Valdivia pleaded guilty to organized fraud and fraudulent use of a credit card in connection with GSA Fleet cards, and he was sentenced to 150 days in prison. This case was initiated after GSA Fleet Loss Prevention identified suspicious GSA Fleet credit card transactions at gas stations in Miami Gardens, Florida. Agents were able to identify Valdivia through surveillance footage obtained from several gas stations.
- Yoandy Portal Herrera pleaded no contest to possession of 5 to 14 counterfeit credit cards, and he was sentenced to 1 year and 1 day in prison followed by 18 months of probation. This case was initiated after GSA Fleet Loss Prevention identified suspicious GSA Fleet card transactions in Ellenton, Florida and Punta Gorda, Florida. GSA OIG provided the Punta Gorda, Florida, Police Department with suspect vehicle information obtained from gas station surveillance footage, and they quickly located the vehicle while it was being fueled at a gas station. Herrera and another suspect were arrested.
- A former Private First Class assigned to the United States Marine Corps, Inspection and Instructor Staff Office, Garden City, New York, was arrested in Nassau County, New York, for using GSA Fleet credit cards to fuel his personal vehicle. On May 17, 2023, because of the arrest, the U.S. Navy and Marine Corps Trial Judiciary conducted an administrative proceeding charging him with making a false statement during the investigation and committing larceny by using the credit cards, along with other unrelated misconduct, in violation of the Uniform Code of Military Justice. He pleaded guilty and agreed to a demotion in rank to E-1 and payment of restitution to GSA, and he was discharged from the military. On September 12, 2023, he pleaded guilty in Nassau County Court to disorderly conduct and was sentenced to 100 hours of community service.
- Jazzlyn Duarte used a stolen GSA Fleet card assigned to a vehicle leased to the Colville Confederated Tribes to make purchases for her financial benefit. Duarte was charged in Washington state court with felony possession of stolen property. On December 21, 2023, Duarte pleaded guilty and was sentenced to 3 months in prison and ordered to pay \$1,100 in restitution to the government.
- Wesley Bailey used a GSA Fleet card that was assigned to a vehicle leased to the Tohono O'odham Nation (TON) to purchase fuel for his personal vehicle. Bailey was charged in TON tribal court, and on March 15, 2024, he pleaded guilty to embezzlement and was sentenced to 180 days in prison, suspended pending completion of 12 months' supervised probation, and ordered to pay a \$500 fine.

NEW DEAL ART INVESTIGATIONS

During the New Deal era, the federal government created and administered four separate art projects, that operated from 1933 to 1943, to create employment opportunities. The Works Progress Administration was largest of the New Deal era programs. New Deal artwork was produced by artists who created thousands of paintings, sculptures, and works on paper. The

SIGNIFICANT INVESTIGATIONS

federal government loaned the available art to public agencies and nonprofit institutions throughout the nation. GSA is responsible for inventorying and cataloguing the loaned pieces of art. To date, over 23,000 pieces of artwork have been located. Some circumstances have contributed to the separation of the borrowers from the artwork, resulting in New Deal art changing hands, and some pieces have found their way into private possession.

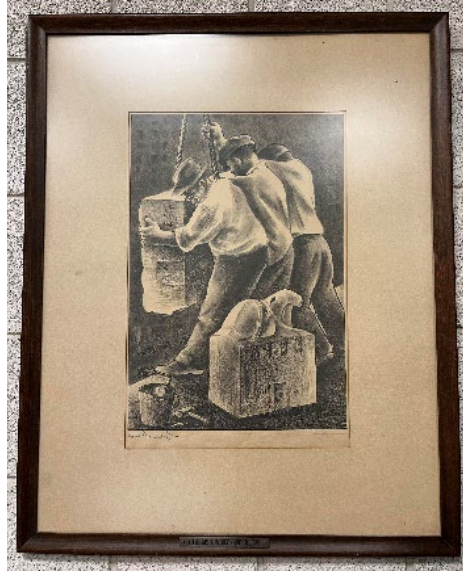
GSA's Fine Arts Program Office (FAP) and the OIG work together to locate, identify, and recover lost works of art. As a direct result of the cooperative efforts between the OIG and FAP, five lost pieces of artwork were recovered and inventoried during this reporting period, as described below.

- During a proactive review, GSA OIG found "Hendrik Hudson Bridge," by Juan de Felipe, listed on an online auction website. The OIG recovered the painting from the auctioneer.
- A citizen located in Lake Saranac, New York, notified the OIG that they were in possession of a "Copy of Daubigny's Landscape," by Roland Livingstone. The OIG recovered the painting from the citizen.
- FAP notified the OIG that "Entrance to Canal Project," by David McCosh, was listed on an online auction. The OIG recovered the painting from the auctioneer.
- A citizen contacted the OIG informing us they were in possession of "Bean Pickers," by Walter Whitehead. The OIG recovered this painting from the citizen in Williamsburg, Virginia.
- Staff from Providence College notified the OIG that they discovered New Deal artwork among items it had from a former U.S. Congressman who represented Rhode Island from 1941-1967. The artwork, "Stone Setters," by Russell T. Limbach, was originally loaned to the Congressman. FAP inventoried the artwork and updated the loan information to reflect the artwork's location of the Phillips Memorial Library, Providence College.

New Deal artwork is not subject to public sale, but the internal estimated value of these recovered and inventoried pieces is \$17,500. Since cooperative efforts between the OIG and FAP began in 2001, 807 pieces have been recovered, with an estimated value of \$8,809,550.*

****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 direct "turn-ins" to the FAP as result of our combined public information campaigns and/or internet searches which reveal the claim of ownership by the government. The internal estimated value is for internal use only and is not a formal appraisal or representative of the market value of the artwork.***

SIGNIFICANT INVESTIGATIONS



“Stone Setters” by Russell T. Limbach



“Hendrik Hudson Bridge” by Juan D. Felipe



“Copy of Daubigny's Landscape” by Roland Livingstone

OTHER SIGNIFICANT WORK

SUSPENSION AND DEBARMENT INITIATIVE

The FAR authorizes federal agencies 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 refer instances of misconduct by individuals and companies to GSA so it can take appropriate suspension and debarment actions and protect the government from fraud, waste, and abuse.

During this reporting period, the OIG made 38 referrals for consideration of suspension or debarment to the GSA Office of Acquisition Policy or other federal debarment officials. There were 33 actions issued based on current and previous OIG referrals.

INTEGRITY AWARENESS

The OIG presents Integrity Awareness Briefings nationwide to educate GSA employees on the prevention of fraud, waste, and abuse. This period, we presented 41 briefings attended by 1,756 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 prevent fraud's recurrence.

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 510 hotline contacts. Of these, 68 were referred to GSA program officials for review and appropriate action, 14 were referred to other federal agencies, 26 were referred to the OIG Office of Audits, 4 were referred to the OIG Office of Inspections, 3 were referred to the OIG Office of Counsel, and 47 were referred to investigative field offices for investigation or further review.

STATISTICAL SUMMARY OF OIG INVESTIGATIONS

October 1, 2023 – March 31, 2024

OFFICE OF INVESTIGATIONS	
Referrals for criminal prosecution, civil litigation, administrative action, suspension & debarment	146
Indictments and informations on criminal referrals*	24
Subjects accepted for criminal prosecution	32
Subjects accepted for civil action	22
Convictions	16
Civil settlements/judgments	8
Contractors/individuals suspended and debarred	33
Employee actions taken on administrative referrals involving government employees	6
Investigative Reports**	3
Number of subpoenas	48
Total Investigative Receivables and Recoveries***	\$63,300,966

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

**The total number of investigative reports includes 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.

***This includes civil judgments and settlements; ordered criminal fines, penalties, and restitution; forfeiture; administrative recoveries; and recovered government property.

Investigative Workload

The OIG opened 64 investigative cases and closed 56 cases during this period.

Referrals

The OIG makes criminal and civil referrals to the 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, 32 subjects were accepted for criminal prosecution and 22 subjects were accepted for civil litigation. Criminal cases originating from OIG referrals resulted

SIGNIFICANT INVESTIGATIONS

in 24 indictments or informations and 16 convictions. OIG civil referrals resulted in 8 subject settlements/judgments. Based on OIG administrative referrals, GSA management debarred 18 contractors or individuals, suspended 15 contractors or individuals, and took 6 personnel actions against a government employee.

Table 1. Summary of OIG Referrals

TYPE OF REFERRAL	CASES	SUBJECTS
Civil	19	32
Criminal (DOJ)*	27	43
Criminal (State/Local)**	8	10
Administrative Referrals for Action/Response	19	23
Suspension	0	0
Debarment	13	38
TOTAL	86	146

*The total number of persons referred to DOJ for criminal prosecution includes both individuals and companies that 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 that 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.

SIGNIFICANT INVESTIGATIONS

Monetary Results

Table 2 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 3 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 \$63.3 million.

Table 2. Criminal and Civil Results

	CRIMINAL	CIVIL
Fines and Penalties	\$40,701	\$0
Settlements/Judgments		\$7,851,473
Recoveries/Forfeitures	\$969,268	\$52,993,696
Restitutions	\$1,356,768	
TOTAL	\$2,366,737	\$60,845,169

Table 3. Non-Judicial Recoveries*

Administrative Recoveries	\$77,110
Forfeitures/Restitution	\$11,949
TOTAL	\$89,060

*This total includes the FAR disclosures reported on page 14.

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.

INTERAGENCY AND INTRA-AGENCY COMMITTEES AND WORKING GROUPS

- Council of the Inspectors General on Integrity and Efficiency. The Deputy IG is a member of the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Investigations and Legislation Committees. Through CIGIE, we also participate in the following:
 - Pandemic Response Accountability Committee. The Office of Audits and the Office of Investigations both participate in CIGIE's Pandemic Response Accountability Committee. The government's coronavirus response includes \$2.6 trillion in economic relief to individual citizens, loans for businesses, and support for hospitals and other medical providers. In addition, this response includes economic relief for affected businesses; industries; and state, local, and tribal governments. The committee's mission is to promote transparency and ensure coordinated, comprehensive oversight of the government's spending and coronavirus response.
 - Federal Audit Executive Council. The Office of Audits participates in the Federal Audit Executive Council (FAEC). The FAEC's purpose is to discuss and coordinate issues affecting the federal audit community with special emphasis on audit policy and operations of common interest to FAEC members.
 - Federal Audit Executive Council Information Technology Committee. The Office of Audits participates in the 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 Contracting Committee.** The Office of Audits participates in the FAEC Contracting Committee. This committee is involved with addressing contract, program, and acquisition management issues that have common interest throughout the OIG community. The committee shares information on audit topics, successful audits, and related techniques.
- **Enterprise Risk Management Working Group.** The Office of Audits participates in CIGIE's Enterprise Risk Management (ERM) Working Group. This working group's mission is to contribute to the promotion and implementation of ERM principles in accordance with OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, within OIGs and their respective agencies. The Office of Audits participates in the working group as 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.
- **Geospatial Data Act Working Group.** The Office of Audits participates in the Geospatial Data Act (GDA) Working Group. This working group's mission is to assist the OIG community in understanding and meeting its GDA oversight requirements by: (1) consulting with the Federal Geospatial Data Committee, (2) developing a common review approach and methodology, and (3) coordinating key communications with other stakeholders. The Office of Audits participates to stay abreast of the latest GDA developments to monitor GSA's compliance with GDA requirements.
- **Infrastructure Working Group.** The Office of Audits participates in CIGIE's Infrastructure Working Group. This working group was established to share information and coordinate oversight of the Infrastructure Investment and Jobs Act. The Infrastructure Investment and Jobs Act provided \$1.2 trillion in funding for infrastructure programs across the transportation, energy, and water sectors through a combination of grants and loans. The working group shares information on oversight and audit issues.
- **Blue Book Working Group.** The Office of Inspections participates in the CIGIE Blue Book Working Group. This working group is comprised of Inspection and Evaluation (I&E) professionals from the IG community who worked to review, update, and revise the CIGIE *Quality Standards for Inspection and Evaluation* issued in December 2020. The working group continues to provide education and instruction on the revised Blue Book standards.
- **I&E Peer Review Working Group.** The Office of Inspections participates in the I&E Peer Review Working Group. This working group is comprised of I&E professionals from the IG community who are responsible for promulgating and interpreting the *Guide for Conducting Peer Reviews of Inspection and Evaluation Organizations of Federal Offices* along with administering the 3-year cycle of peer reviews. The working group continues to provide education and instruction on the external peer review process.
- **Collaboration Working Group.** The Office of Inspections participated in the Collaboration Working Group. This working group comprised of I&E professionals from the IG community who worked to enhance the I&E collaboration site. The working group

- identified best practices, templates, and other items to encourage collaboration across the IG community.
- **I&E Roundtable.** The Office of Inspections participates in the I&E Roundtable. The I&E Roundtable provides a forum to share information and coordinate issues of importance within the OIG I&E community.
 - **Data Analytics Working Group.** The Office of Investigations participates in the CIGIE Data Analytics Working Group. This working group’s projects include identifying new data analytics methods and techniques, sharing information about data and data sources available to the OIG community, and identifying crosscutting initiatives, such as using data analytics to detect fraud.
 - **Investigations Training Subcommittee.** The Office of Investigations participates in the CIGIE Investigations Training Subcommittee. The subcommittee establishes and promotes training resources for investigative staff throughout the OIG community.
 - **Investigations Undercover Review Committee.** The Office of Investigations participates in the CIGIE Undercover Review Committee. This committee provides recommendations and approvals on the suitability of undercover operations involving sensitive circumstances in accordance with the CIGIE's and the Attorney General’s guidelines.
 - **DOJ Civil Cyber-Fraud Initiative Working Group.** GSA OIG investigators, attorneys, and auditors participate in the OIG’s partnership with the Civil Cyber-Fraud Initiative Working Group. This working group leverages the False Claims Act to hold accountable entities or individuals that put U.S. information or systems at risk by knowingly providing deficient cybersecurity products or services, misrepresenting their cybersecurity practices or protocols, or violating obligations to monitor and report cybersecurity incidents and breaches.
 - **DOJ Antitrust Division’s Procurement Collusion Strike Force.** The Office of Investigations is a partner agency of the Procurement Collusion Strike Force (PCSF). The PCSF leads a coordinated national response to combat antitrust crimes and related schemes in government procurement, grant, and program funding at federal, state, and local levels of government.

APPENDIXES

APPENDIX I: ACRONYMS AND ABBREVIATIONS

AFOSI	U.S. Air Force Office of Special Investigations	FY	Fiscal Year
ASHRAE	American Society of Heating, Refrigerating and Air-Conditioning Engineers	GDA	Geospatial Data Act
CDC	Centers for Disease Control and Prevention	GSA	General Services Administration
CICA	Competition in Contracting Act of 1984	GSAR	General Services Administration Acquisition Regulation
CID	Criminal Investigation Division	HHS	Department of Health and Human Services
CIGIE	Council of the Inspectors General on Integrity and Efficiency	HVAC	Heating, Ventilation, and Air Conditioning
CGIS	Coast Guard Investigative Service	IAQ	Indoor Air Quality
Commerce	Department of Commerce	I&E	inspection and evaluation
COR	Contracting Officer's Representative	IG	Inspector General
COVID-19	Coronavirus disease 2019	IT	information technology
CSP	Commercial Sales Practices	MAS	Multiple Award Schedule
DCIS	Defense Criminal Investigative Service	NCIS	Naval Criminal Investigative Service
DOE	Department of Energy	NCR	National Capital Region
DOI	Department of the Interior	O&M	Operations and Maintenance
DOJ	Department of Justice	OGC	Office of General Counsel
ERM	Enterprise Risk Management	OIG	Office of Inspector General
ESPC	Energy Savings Performance Contract	OMB	Office of Management and Budget
FAEC	Federal Audit Executive Council	PBS	Public Buildings Service
FAP	Fine Arts Program	PCSF	Procurement Collusion Strike Force
FAR	Federal Acquisition Regulation	SAM	System for Award Management
FAS	Federal Acquisition Service	TAA	Trade Agreements Act
FBI	Federal Bureau of Investigation	TDR	Transactional Data Reporting
FDA	Food and Drug Administration	TON	Tohono O'odham Nation
		TTS	Technology Transformation Services
		U.S.C.	United States Code
		VA	Department of Veterans Affairs

APPENDIX II: UNIMPLEMENTED RECOMMENDATIONS

Section 5(a)(3) of the Inspector General Act of 1978, as amended, requires that this report include an identification of each recommendation made before the reporting period for which corrective action has not been completed and include the potential costs savings associated with the recommendation. Additionally, this appendix includes a list of significant recommendations unimplemented due to agency disagreement.

Recommendations Issued During Prior Periods for Which Agency Corrective Action Has Not Been Completed

FAS'S USE OF PRICING TOOLS RESULTS IN INSUFFICIENT PRICE DETERMINATIONS (A180068/Q/3/P20002, DECEMBER 23, 2019)

We recommend that the FAS Commissioner:

- Develop and implement controls to ensure compliance with FAS Policy and Procedure 2018-03 - *Proper Documentation of Price Analysis Decisions – Federal Supply Schedule (FSS) Program* – in regards to documenting use of the pricing tools. Specifically, controls should ensure FAS contracting officers document:
 - The criteria used in the query of the pricing tools;
 - All detailed data records obtained in the pricing tool output;
 - A verification that labor category comparisons made using the pricing tools are “same or similar” in accordance with FAR 15.4; and
 - Any filtering or removal of data records the contracting officer determined were outliers or not “same or similar.”

PBS'S NATIONAL CAPITAL REGION IS FAILING TO ADEQUATELY MANAGE AND OVERSEE THE BUILDING SERVICES CONTRACTS AT THE FDA'S WHITE OAK CAMPUS (A190021/P/5/R21003, MAY 17, 2021)

We recommend that the PBS Regional Commissioner for the National Capital Region:

- Take appropriate action to address the issues associated with oversight of the O&M building services contract. At a minimum, PBS NCR should:
 - Ensure that the “After-Hours Labor Estimate” contains valid, reliable data and that it reflects actual cost and schedule conditions; require Honeywell to provide an updated estimate based on actual performance and renegotiate the contract; and perform a procurement contract review to evaluate the effectiveness of its policies and make improvements.
 - Conduct an assessment to: (1) identify staff required to be present during the after-hours shift, (2) enforce the statement of work, and (3) monitor staffing of the after-hours shift.
 - Perform a comprehensive review of the after-hours staffing from August 2015 to the present, determine the total amount of overpayment for shifts that were

understaffed and inadequately staffed, recover the overpayment from Honeywell, and return any overpayment to FDA.

EVALUATION OF THE GENERAL SERVICES ADMINISTRATION'S USE OF AN AD HOC APPRAISAL PROCESS FOR AN EXECUTIVE (JE21-002, SEPTEMBER 14, 2021)

We recommend that the Administrator should:

- Take appropriate action to remedy the harm caused [Redacted] by a tainted performance review process that resulted in an unsatisfactory rating and in [Redacted] removal from the [Redacted], as well as the loss of any opportunity for a FY 2017 performance period pay increase or bonus.

We recommend that the GSA General Counsel and Chief Human Capital Officer should:

- Review current processes and procedures to ensure sufficient oversight of employee misconduct and disciplinary reviews, including timely referral to the OIG.

GSA'S FISCAL YEAR 2020 TRANSACTIONAL DATA REPORTING PILOT EVALUATION PROVIDES AN INACCURATE ASSESSMENT OF THE PROGRAM (A210081/Q/3/P23001, MAY 1, 2023)

We recommend that the GSA Administrator, FAS Commissioner, and Associate Administrator of the Office of Government-wide Policy:

- Address the problems with the TDR data and usage as described in this report within 1 year of report issuance. To do so, GSA should, at a minimum:
 - Conduct a comprehensive assessment of all TDR data;
 - Verify the accuracy and completeness of all TDR data;
 - Implement a verification process to ensure that TDR data is accurate and complete when it is submitted by MAS contractors;
 - Require the contractors that are not submitting complete and accurate data to correct their data or suspend their contract;
 - Make the data accessible to all MAS contracting personnel; and
 - Develop a methodology for pricing using TDR data that will ensure that customer agencies meet the Competition in Contracting Act for orders placed through MAS contracts.

AUDIT OF GSA'S RESPONSE TO COVID-19: PBS FACES CHALLENGES TO MEET THE VENTILATION AND ACCEPTABLE INDOOR AIR QUALITY STANDARD IN GSA-OWNED BUILDINGS (A201018/P/4/R23008, JUNE 5, 2023)

We recommend that the PBS Commissioner:

- Complete a comprehensive assessment to determine whether GSA-owned building air handlers meet the ASHRAE ventilation standard's minimum outdoor air requirements and develop a comprehensive plan to address deficiencies identified.

- Ensure that all PBS staff with ventilation system responsibilities, including contracting officer's representatives, contracting officers, project managers, and building managers, are trained on the requirements of the ASHRAE ventilation standard.
- Ensure operations and maintenance contracts define requirements for regular testing, adjusting, and balancing of air handlers.
- Ensure that GSA's *Guidance for COVID-19 HVAC Operations* adheres to CDC COVID-19 guidance for improved building ventilation.

MULTIPLE AWARD SCHEDULE CONTRACTS OFFERED PROHIBITED ITEMS, PUTTING CUSTOMERS AT RISK OF UNAUTHORIZED SURVEILLANCE BY FOREIGN ADVERSARIES (A220016/Q/6/P23002, JULY 10, 2023)

We recommend that the FAS Commissioner:

- Strengthen FAS's Robomod process to ensure that it identifies MAS contracts with prohibited telecom items.

AUDIT OF PBS BASIC REPAIRS AND ALTERATIONS PROJECT: WILLIAM AUGUSTUS BOOTLE FEDERAL BUILDING AND U.S. COURTHOUSE (A210076/P/4/R23009, SEPTEMBER 29, 2023)

We recommend that the PBS Region 4 Regional Commissioner:

- Review current and pending 8(a) program contracts to ensure contractor pricing is justified, and renegotiate when appropriate.
- Review current and pending 8(a) program contracts to ensure certified cost or pricing data is received when applicable.
- Review current repairs and alterations contracts to ensure that contracting officers incorporate design changes into the contract and perform appropriate cost analyses. Contracting officers should also determine whether ratifications are required for changes in scope that were inappropriately authorized.
- Review current and planned repairs and alterations contracts and take steps to ensure that PBS personnel adhere to existing PBS policy that prohibits the practice of splitting projects to circumvent the prospectus process.
- Review current repairs and alterations contracts to ensure contractor and subcontractor employees possess appropriate security clearances to comply with the contract and Homeland Security Presidential Directive 12 requirements.
- Review current repairs and alterations contracts and ensure that CORs review certified payroll records and perform labor interviews, as appropriate, prior to approval of invoices to verify that contractor and subcontractor employees are paid in accordance with Construction Wage Rate Requirements.
- Review the performance of PBS personnel involved in the award and administration of the Bootle Building HVAC modernization contract, including their supervisory chains of command, and take appropriate action to address deficiencies identified in this report.

AUDIT OF SECURITY CONTROLS FOR MOBILE TECHNOLOGIES USED BY GSA
(A220055/I/T/F23004, SEPTEMBER 29, 2023)

This audit report and its recommendations are restricted from public release due to the sensitivity of its contents.

Recommendations Unimplemented Due to Agency Disagreement

GSA'S DECISIONS TO VACATE AND RENOVATE THE LEASED FEDERAL COURTHOUSE IN
PENSACOLA ARE BASED ON FAULTY PREMISES (A150132/P/4/R17001, OCTOBER 25, 2016)

We recommend that the GSA Administrator direct PBS to:

- Reanalyze options for housing the tenants of the 1 North Palafox Street courthouse. As part of this analysis, PBS should:
 - Ensure an equal comparison of the options is reflected;
 - Ensure that the designs for the renovation, new, and leased construction options meet current building standards;
 - Ensure the designs for the new and leased construction options comply with the U.S. Courts Design Guide;
 - Ensure the estimated reversion values of the new and leased courthouse options are developed by an independent appraiser;
 - Ensure lease-buyout and other potential settlement costs are incorporated; and
 - Develop and incorporate realistic project schedules into the financial analysis that are based on historical performance of projects with similar scope or scale.
- Suspend all contracts and procurements for the prospectus project until PBS secures ownership of the 1 North Palafox Street courthouse, if PBS's revised analysis demonstrates that ownership is in the best interest of the government.

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 (A150009/P/5/R17006, AUGUST 24, 2017)

We recommend that the Regional Commissioner, PBS NCR:

- Take immediate action to expedite the procurement of a new O&M contract that adheres to competition requirements specified in the Competition in Contracting Act of 1984 and the Federal Acquisition Regulation;
- Determine and implement the appropriate corrective action needed for PBS NCR personnel's non-compliance with competition requirements; and
- Once the procurement of a new O&M contract is secured, as stated in *Finding 1*, include the Limitation of Government Obligation clause on all non-ESPC O&M services.

EVALUATION OF GSA NONDISCLOSURE POLICY (JE18-002, MARCH 8, 2018)

We recommend that 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.

EVALUATION OF GSA'S MANAGEMENT AND ADMINISTRATION OF THE OLD POST OFFICE BUILDING LEASE (JE19-002, JANUARY 16, 2019)

We recommend that before continuing to use the language, GSA:

- Determine the purpose of the Interested Parties provision;
- Conduct a formal legal review by OGC that includes consideration of the Foreign and Presidential Emoluments Clauses; and
- Revise the language to avoid ambiguity.

GSA'S TRANSACTIONAL DATA REPORTING PILOT IS NOT USED TO AFFECT PRICING DECISIONS (A140143/Q/6/P21002, JUNE 24, 2021)

We recommend that the FAS Commissioner:

- Take immediate action to mitigate the risks associated with the TDR pilot by restricting additional contractors from opting into the TDR pilot and restricting access to, and use of, the TDR pilot data; and
- Develop and implement an exit strategy for the TDR pilot and transition participating contractors out of the TDR pilot.

FAS CANNOT PROVIDE ASSURANCE THAT MAS CONTRACT PRICING RESULTS IN ORDERS ACHIEVING THE LOWEST OVERALL COST ALTERNATIVE (A200975/Q/3/P22002, SEPTEMBER 30, 2022)

We recommend that the FAS Commissioner:

- Cancel the TDR pilot in accordance with FAS Policy and Procedures 2016-11, *Transactional Data Reporting – Federal Supply Schedule Program Implementation*, Paragraph 8(G), Pilot Cancellation. We recognize that FAS rejected recommendations made in *GSA's Transactional Data Reporting Pilot Is Not Used to Affect Pricing Decisions*, Report Number A140143/Q/6/P21002, including that FAS develop and implement an exit strategy for the TDR pilot and transition participating contractors out of the TDR pilot. However, we continue to conclude that the TDR pilot should be canceled. After 6 years, the TDR pilot still has not resulted in a viable pricing methodology that ensures compliance with CICA's requirement for orders to result in the lowest overall cost alternative to meet the government's needs.
- Inform customer agencies that they should perform separate and independent price determinations because relying on MAS contract pricing and following the ordering procedures in Federal Acquisition Regulation (FAR) 8.405, *Ordering procedures for Federal Supply Schedules*, may not ensure compliance with the CICA requirement that

orders and contracts result in the lowest overall cost alternative. This should continue until the requirements and controls outlined in Recommendation 3 are set in place to ensure compliance with CICA.

- Establish requirements and controls to ensure that FAS contracting personnel adequately analyze CSP information to negotiate pricing consistent with CICA, FAR, and GSAR 538.270-1, *Evaluation of offers without access to transactional data*, and to clearly identify and support the determination of most favored customer pricing.
 - FAS should ensure that offerors provide its contracting personnel with detailed information about the sales volumes, terms and conditions of pricing agreements, and any additional transactional discounts or pricing terms offered to individual commercial customers that receive the best pricing for the products and services proposed for the MAS contract.
 - FAS should establish protocols that require offerors to submit other than certified cost or pricing data to support proposed pricing when offerors do not have comparable sales to customers outside of its MAS contract.
 - FAS should cancel FAS Policy and Procedures 2017-02, *Updated Procedures for Exercising the Option to Extend the Term of a Federal Supply Schedule Contract*, and develop and implement policy and procedures directing FAS's contracting personnel to perform price analyses of CSP disclosures provided by the offeror for MAS contract option extensions.

APPENDIX III: AUDIT AND INSPECTION REPORT REGISTER

DATE OF REPORT	REPORT NUMBER	TITLE	DECISION DATE	FINANCIAL RECOMMENDATIONS	
				FUNDS TO 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 PERFORMANCE AUDITS					
11/30/2023	A230076	Implementation Review of Corrective Action Plan: Audit of PBS Basic Repairs and Alterations Project: United States Court of International Trade Building, Report Number A200976/P/2/R21004, June 17, 2021			
12/08/2023	A230021	Audit of PBS's Lease Award and Administration for the Bureau of Land Management Field Office in Baker City, Oregon	02/06/2024		\$22,000
02/14/2024	A220077	PBS Is Not Assessing High-Risk Uses of Space by Federal Law Enforcement Agencies, Raising Safety and Security Issues			
02/21/2024	A240026	Implementation Review of Corrective Action Plan: Audit of the Public Buildings Service's Effectiveness in Managing Deferred Maintenance, Report Number A190066/P/2/R21009, September 30, 2021			
PBS CONTRACT AUDITS					
10/20/2023	A220056	Independent Examination of a Claim: Trademasters Service, Inc., Contract Number GS-11-P-17-DC-D-0001	10/20/2023		
11/22/2023	A220029	Independent Examination of a Claim: Swinerton Builders, Contract Number GS-08-P-17-JB-C-0003	02/08/2024		
12/08/2023	A201028	Independent Examination of Costs to Date: Massachusetts Institute of Technology Investment Management Company Relative to Its Exchange Agreement with the General Services Administration for the John A. Volpe National Transportation Systems Center	01/25/2024		
02/02/2024	A230062	Independent Examination of a Claim: Wilson 5 Service Company, Inc., Contract Number 47PH0221D0002	03/04/2024		
02/06/2024	A220066	Independent Examination of a Final Settlement Proposal: The Christman Company, Contract Number 47PF0017C0033	02/06/2024		
FAS CONTRACT AUDITS					
10/02/2023	A230023	Independent Preaward Examination of Multiple Award Schedule Contract: Ideal Innovations Incorporated, Contract Number GS-35F-049BA	11/28/2023		
10/03/2023	A230025	Independent Preaward Examination of Multiple Award Schedule Contract: Evoke Research and Consulting, LLC, Contract Number GS-35F-0076V	11/30/2023		
11/17/2023	A230029	Independent Postaward Examination of Multiple Award Schedule Contract: TranSystems Corporation, Contract Number 47QRAA19D001C	11/17/2023		

APPENDIXES

DATE OF REPORT	REPORT NUMBER	TITLE	DECISION DATE	FINANCIAL RECOMMENDATIONS	
				FUNDS TO BE PUT TO BETTER USE	QUESTIONED COSTS
12/15/2023	A230033	Independent Postaward Examination of Multiple Award Schedule Contract: Skillsoft Corporation, Contract Number 47QTCA19D002B	01/08/2024		\$11,441
12/20/2023	A230057	Independent Preaward Examination of Multiple Award Schedule Contract: MetLang, LLC., Contract Number 47QRAA19D0083	02/28/2024		
01/09/2024	A230035	Independent Preaward Examination of Multiple Award Schedule Contract: Incentive Technology Group, LLC, Contract Number GS-35F-0164V	02/27/2024		\$23,553
01/16/2024	A230054	Independent Preaward Examination of Multiple Award Schedule Contract: PruTech Solutions, Inc., Contract Number GS-35F-0426V	02/12/2024		\$26,454
02/29/2024	A210065	Independent Limited Scope Postaward Examination of Multiple Award Schedule Contract: NTT DATA Federal Services, Inc., Contract Number GS-35F-518GA			\$4,751,372
OTHER PERFORMANCE AUDITS					
11/30/2023	A210057	GSA's Robotic Process Automation Program Lacks Evidence to Support Claimed Savings	03/06/2024		
01/23/2024	A220070	GSA Purchased Chinese-Manufactured Videoconference Cameras and Justified It Using Misleading Market Research			

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

Section 6009 of the Federal Acquisition Streamlining Act of 1994, Public Law 103-55, 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 regarding a recommendation in an IG'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 IG shall identify the matter in the semiannual report until final action is complete.

The Office of Audit Management and Accountability provided the following list of reports with action items open beyond 12 months:

DATE OF REPORT	REPORT NUMBER	TITLE	
CONTRACT AUDITS			
09/29/2020	A190088	Independent Preaward Examination of Multiple Award Schedule Contract Extension: United Rentals, Inc., Contract Number GS-06F-0068R	
02/11/2021	A200986	Independent Examination of a Claim: Balfour Beatty Construction, LLC, Contract Number GS-11-P-17-MM-C-0002	
06/09/2021	A201000	Independent Examination of a Claim: Berkel & Company Contractors, Inc., Subcontractor to Balfour Beatty Construction, LLC, Contract Number GS-11-P-17-MM-C-0002	
08/27/2021	A200997	Independent Examination of a Claim: Kirlin Design Build, LLC, Subcontractor to Balfour Beatty Construction, LLC, Contract Number GS-11-P-17-MM-C-0002	
03/03/2022	A210054	Independent Examination of a Claim: Desbuild EG Management Services JV, LLC, Contract Number GS-11-P-17-MK-C-0016	
09/15/2022	A220021	Independent Examination of a Cost Accounting Standards Board Disclosure Statement: Brasfield & Gorrie, LLC, Contract Number 47PD0121C0005	
12/13/2022	A210075	Independent Preaward Examination of Multiple Award Schedule Contract: CommunicateHealth, Inc., Contract Number GS-07F-0517Y	
02/06/2023	A220034	Independent Postaward Examination of Multiple Award Schedule Contract: Science Applications International Corporation, Contract Number 47QTCA18D006H	
PERFORMANCE AUDITS, INSPECTIONS, AND EVALUATIONS			PROJECTED FINAL ACTION DATE
12/23/2019	A180068	FAS's Use of Pricing Tools Results in Insufficient Price Determinations*	08/30/2024
05/17/2021	A190021	PBS's National Capital Region is Failing to Adequately Manage and Oversee the Building Services Contracts at the FDA's White Oak Campus*	03/31/2025
09/14/2021	JE21-002	Evaluation of the General Services Administration's Use of an Ad Hoc Appraisal Process for an Executive	TBD**

*Audit reopened based on the results of an implementation review.

**Corrective action plan or revised corrective action plan is in the approval process.

APPENDIX V: MANAGEMENT DECISIONS

Section 5(a)(6) of the Inspector General Act of 1978, as amended, requires each semiannual report to include information regarding any management decision made during the reporting period with respect to any audit, inspection, or evaluation issued during a previous reporting period. The table presented below lists all such decisions.

REPORT TITLE	REPORT DATE	DECISION DATE	OIG RECOMMENDATION		GSA DECISION	
			FUNDS TO BE PUT TO BETTER USE	QUESTIONED COSTS	FUNDS TO BE PUT TO BETTER USE	QUESTIONED COSTS
Independent Preaward Examination of Multiple Award Schedule Contract: G4S Secure Solutions (USA) Inc., Contract Number 47QSWA18D0075	08/22/2023	10/03/2023				
Independent Preaward Examination of Multiple Award Schedule Contract: Management Concepts, Inc., Contract Number 47QREA18D000Y	08/31/2023	10/26/2023				
Independent Preaward Examination of Multiple Award Schedule Contract: T-Rex Solutions, LLC, Contract Number GS-35F-022BA	09/22/2023	10/17/2023				
Audit of Security Controls for Mobile Technologies Used by GSA	09/29/2023	12/05/2023				
Independent Preaward Examination of Multiple Award Schedule Contract: MindPoint Group, LLC, Contract Number GS-35F-018BA	09/29/2023	12/05/2023				
Audit of PBS Basic Repairs and Alterations Project: William Augustus Bootle Federal Building and U.S. Courthouse	09/29/2023	02/06/2024				

APPENDIX VI: PEER REVIEW RESULTS

Section 5(a)(14)-(16) of the Inspector General Act of 1978, as amended, requires each IG to submit an appendix containing the results of any peer review conducted by another OIG during the reporting period or—if no peer review was conducted—a statement identifying the date of the last peer review that was 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 recommendations, and an explanation as to why the recommendations have not been completed; and a list of any peer reviews conducted by the OIG of another OIG during the reporting period, including a list of any outstanding recommendations made from any previous peer review that have not been fully implemented.

In FY 2020, the GSA OIG Office of Investigations underwent a peer review by the Department of Education OIG and received a passing rating. The peer review team found that the systems of internal safeguards and management procedures for the Office of Investigations complied with the standards established for investigations by the Attorney General Guidelines and CIGIE. There are no outstanding recommendations from prior peer reviews.

In FY 2021, the GSA OIG Office of Audits underwent a peer review by the Department of Labor OIG. On September 30, 2021, 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. The U.S. Agency for International Development OIG is scheduled to perform a peer review of the Office of Audits starting in April 2024.

In FY 2023, the GSA OIG Office of Inspections underwent a peer review by the AmeriCorps OIG. The peer review team determined that the Office of Inspections' policies and procedures were consistent with the January 2012 and December 2020 CIGIE *Quality Standards for Inspection and Evaluation* (Blue Book). The peer review team also found that the selected reports complied with the Office of Inspections' internal policies and procedures and applicable Blue Book standards. No outstanding recommendations exist for the Office of Inspections.

APPENDIX VII: 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 are no OIG reports that met these requirements.

APPENDIX VIII: 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 (5 U.S.C. CHAPTER 4) ³		
SECTION		PAGE
404(b)(2)	Legislative & Regulatory Recommendations	30
405(b)(1)	Significant Problems, Abuses & Deficiencies	i, 3-15
405(b)(2)	Unimplemented Prior Period Recommendations	35
405(b)(3)	Significant Investigations Closed	16
405(b)(4)	Total Convictions Number	28
405(b)(5)	Report Listing with Dollar Values	41
405(b)(6)	Management Decisions Made on Prior Period Recommendations	44
405(b)(7)	Federal Financial Management Improvement Milestones	none
405(b)(8)-(10)	Peer Review Information & Results	45
405(b)(11)	Investigative Statistical Tables	27
405(b)(12)	Investigative Table Metrics	27
405(b)(13)	Investigations of Senior Employees with Substantiated Misconduct	22
405(b)(14)	Whistleblower Retaliation	none
405(b)(15)	Agency Interference with OIG Independence	none
405(b)(16)(A)	Non-public Audit, Evaluation or Inspection Reports	41
405(b)(16)(B)	Non-public Investigations of Senior Government Employees	22
OTHERS		
PL 106-531, Sec. 3	Most Significant Management Challenges	3-4
PL 103-355, Sec. 6009	Reports Over a Year with Final Agency Action Pending	43
PL 110-181, Sec. 845	Government Contractor Significant Audit Findings	46

³ Public Law 117-263, “James M. Inhofe National Defense Authorization Act for Fiscal Year 2023,” section 5273, “Semiannual Reports.” As the National Defense Authorization Act (NDAA) amendments to section 5 modifying the reporting requirements in the IG Act are not yet codified in 5 U.S.C. § 405, all section 5 citations are to the requirements as amended by the NDAA. Updated codification is pending as H.R. 7326.