



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

Semiannual Report to the Congress

October 1, 2010 – March 31, 2011

GSA's SIGNIFICANT MANAGEMENT CHALLENGES

The Congress requested the Inspectors General of major federal agencies to report on the most significant management challenges facing their respective agencies. Our strategic planning process commits us to addressing these critical issues. The following table briefly describes the challenges we have identified for GSA and references related work products issued by the GSA OIG and discussed in this semiannual report

CHALLENGES	BRIEF DESCRIPTION OF CHALLENGE	PAGE
ACQUISITION PROGRAMS	GSA's procurement organization awards and administers government-wide contracts worth \$183 billion. With growing programs and shrinking numbers of qualified acquisition personnel, attention to important fundamentals such as ensuring competition, meaningful price analysis, and implementation of statutory and regulatory compliance-type requirements has diminished.	2
INFORMATION TECHNOLOGY	Technology applications have increased exponentially as "E-Gov" is used to better manage operations and interface with the public, but complex integration and security issues exist.	4
FINANCIAL REPORTING	GSA systems, including its financial system of record (Pegasys), continue to have deficiencies in interoperability and interfaces. As a consequence, GSA management continues to rely heavily on manual workarounds and significant adjusting entries to prepare the financial statements and related note disclosures.	5
PROTECTION OF FEDERAL FACILITIES AND PERSONNEL	GSA is responsible for protecting the life and safety of employees and public visitors in federal buildings. The increased risks from terrorism have greatly expanded the range of vulnerabilities. A broadly integrated security program is required.	6
GREENING INITIATIVE—SUSTAINABLE ENVIRONMENTAL STEWARDSHIP	With its major role in federal building construction and operations, GSA faces challenges to lead change in achieving its goals for sustainability and a Zero Environmental Footprint.	7
FEDERAL BUILDINGS FUND	Faced with an aging, deteriorating inventory, GSA is challenged in making the best use of available funds to deliver high performance workplaces on schedule and within budget.	No Reports This Period
AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009	Mandated to obligate \$5.5 billion to convert federal buildings into High-Performance Green Buildings, as well as to construct federal buildings, courthouses, and land ports of entry within a 20-month period, shortened planning and contracting phases will likely have continual challenges on the construction phase and contract administration workload.	8

Foreword

On behalf of the Office of Inspector General (OIG), I am pleased to provide this report to the people of the United States and their elected representatives in Congress. This report reflects the OIG's effectiveness in combating fraud, waste, and abuse in connection with the programs and operations of GSA on behalf of the American taxpayer. Since Fiscal Year 2007, management decisions agreeing with our audit findings and civil settlements or investigative recoveries based on OIG work have totaled over \$4 billion.

During this Fiscal Year 2011 reporting period, we issued 58 audit reports and identified over \$173 million in funds recommended for better use and questioned costs. We also made 364 referrals for criminal prosecution, civil litigation, and administrative action. In this reporting period, management decisions agreeing with our audit findings, civil settlements, and investigative recoveries totaled almost \$543 million.

This year, Verizon Communications, Inc., agreed to pay the United States \$93.5 million to settle allegations that it overcharged GSA by invoicing for a variety of federal, state and local taxes and surcharges in violation of its contract. Qui tam, or whistleblower, case settlements yielded \$161.8 million while other False Claims Act settlements yielded \$9.5 million in this reporting period.

On behalf of the U.S. Attorney General's Financial Fraud Enforcement Task Force, I reached out to both the public and private sectors as part of a collaborative effort to prevent and detect fraud in government contracts and procurement. The OIG continued work on its green initiative to better understand methods of environmental stewardship in GSA's practices and operations. The OIG also recovered two more Works Progress Administration paintings in its effort to preserve these national historical treasures. A documentary about our efforts to obtain the lost artwork won a Telly Award.

I want to express my appreciation for the accomplishments of all the OIG employees who continue to show a dedication to effective public service. I also recognize the continued strong support of Congress, OMB, and employees throughout GSA.



*Brian D. Miller
Inspector General
March 31, 2011*

Table of Contents

	Page
Summary of OIG Performance	v
Executive Summary	vii
OIG Organization Chart	xi
OIG Profile	1
Management Challenges	2
Acquisition Programs	2
Information Technology	4
Financial Reporting	5
Protection of Federal Facilities and Personnel	6
Greening Initiative	7
American Recovery and Reinvestment Act of 2009	8
Other Initiatives	10
FAR Rule for Contract Disclosure	11
Promoting and Protecting Integrity	12
Government-wide Policy Activities	20
Professional Assistance Services	22
Statistical Summary of OIG Accomplishments	24
Appendixes	
Appendix I – Significant Audits from Prior Reports	31
Appendix II – Audit Report Register	36
Appendix III – OIG Reports over 12 Months Old, Final Agency Action Pending	43
Appendix IV – Government Contractor Significant Report Findings . . .	49
Appendix V – OIG Reports Without Management Decision	50
Appendix VI – Peer Review Results	51
Appendix VII – Reporting Requirements	52
Appendix VIII – OIG Offices and Key Officials	53

Summary of OIG Performance

October 1, 2010 – March 31, 2011

OIG Accomplishments

Total financial recommendations \$173,184,658

These include:

• Recommendations that funds be put to better use \$157,393,262

• Questioned costs \$15,791,396

Audit reports issued 58

Referrals for criminal prosecution, civil litigation, & administrative action 364

Results Attained

Management decisions agreeing with audit recommendations [civil settlements and court-ordered and investigative recoveries] \$542,559,554

Indictments and informations on criminal referrals 36

Cases accepted for criminal prosecution 39

Cases accepted for civil action 9

Successful criminal prosecutions 25

Civil settlements 18

Contractors/individuals suspended and debarred 58

Employee actions taken on administrative referrals involving GSA employees 14

Executive Summary

During this semiannual period, the OIG continued to direct its auditing and investigative resources toward what it has identified as the major management challenges facing GSA. The OIG conducted audits and investigations to ensure the integrity of the Agency's financial statements, programs, and operations, and to ensure that the taxpayers' interests were being protected. The OIG also continued to initiate actions to prevent fraud, waste, and abuse, and to promote economy and efficiency throughout GSA. The OIG's resources have been directed specifically toward conducting financial and programmatic audits; management control assessments; attestation engagements; investigations of fraud, abuse, and related actions by GSA employees and government contractors; and litigation support in civil fraud actions, enforcement actions, criminal prosecutions, and administrative actions, all in an effort to maintain the integrity of GSA programs.

Summary of Results

The OIG made over \$173 million in financial recommendations; made 364 referrals for criminal prosecution, civil litigation, and administrative action; issued 36 subpoenas; and received 1,585 Hotline contacts. This period, we achieved savings from management decisions on financial recommendations, civil settlements, and investigative recoveries totaling over \$542 million.

Management Challenges

The OIG continued to strive to provide the high level of quality in reviews and recommendations for which it is known, in order for GSA to continue leading the government in contracting and procurement. During this semiannual period, the focus has been on acquisition programs, information technology, financial reporting, protection of federal facilities and personnel, greening initiatives, and the American Recovery and Reinvestment Act (Recovery Act). The following are significant audits and reviews that identify major challenges facing GSA.

Acquisition Programs

Significant Preaward Examinations and Other Audits.

The pre-decisional, advisory nature of preaward examinations enables contracting officers to improve the government's negotiating position and to realize millions of dollars in savings on negotiated contracts. During this

period, we performed 35 preaward examinations and recommended more than \$157 million in funds to be put to better use. Management decisions were made on 23 of our preaward reports, which recommended that over \$288 million of funds be put to better use. Management agreed with 99.3 percent of our recommended savings (page 2).

Audit of the PBS National Broker Contract. Our audit of the Public Buildings Service's (PBS) National Broker Contract (NBC) demonstrated that a substantial portion of GSA's lease acquisition workload remains outside the scope of commission-based services and that PBS's existing business applications do not fully support a shift away from in-house service delivery. It is unclear if the program as a whole produced the cost savings that were anticipated (page 2).

Review of Consistency in Implementing Policy Across Acquisition Centers—Temporary Extensions. We found that the Federal Acquisition Services (FAS) acquisition centers do not consistently implement or follow proper regulations and procedures regarding temporary contract extensions. Interviews with FAS contracting personnel indicated uncertainty regarding the correct procedures, and some contract files lacked evidence of supervisory review. These inconsistencies appear to be symptomatic of a lack of adequate centralized policies and procedures and the absence of an automated method for compiling and reporting data (page 3).

Memorandum: Task Order for Environmental Communication Services at the Bannister Federal Complex. PBS violated competitive procurement regulations by awarding a sole source task order in just one day without adequate justification for the "unusual and compelling need" cited; without support for the conclusion that an unacceptable delay would have occurred with competition; and without defining measurable deliverables or the scope of work. This matter was the subject of a Senate Subcommittee on Contracting Oversight hearing on March 1, 2011. Since the review of this matter is ongoing, we expect to issue formal recommendations in an audit report to be issued at a later date (page 3).

Information Technology

FY 2010 OIG FISMA Review of GSA's Information Technology (IT) Security Program. The Federal Information Security Management Act (FISMA) requires

Executive Summary

Inspectors General to perform an annual independent evaluation to determine the effectiveness of their agencies' IT security programs. GSA continues to make improvements. Our office recommended (1) strengthening security misconfigurations; (2) implementation of audit logging and monitoring policy for three systems; (3) using multifactor authentication; and (4) encrypting agency laptops. The Chief Information Officer (CIO) concurred with our report recommendations (page 4).

Financial Reporting

Audit of GSA's FY 2010 Financial Statements. This audit was performed by an independent public accounting firm and identified significant deficiencies related to controls over budgetary accounts and transactions; accounting and reporting of general property and equipment; accounting and reporting of environmental liabilities; revenue and expense recognition policies in the FAS Fund; and financial management systems (page 5).

Protection of Federal Facilities and Personnel

Review of Health and Safety Conditions at the Bannister Federal Complex, Kansas City, MO. The OIG conducted a review of the PBS Heartland Region's environmental management program and the environmental conditions at the Bannister Federal Complex after concerns surfaced that employees may have developed serious illnesses or died as a result of exposure to toxic substances at the Complex. Recent testing has revealed no significant health hazards, but the PBS Region, prior to 2010, did not always take appropriate steps to protect the health and safety of the occupants; did not have a strong environmental management program in place; provided incorrect and misleading information in response to questions about environmental concerns; and did not have a clear understanding of its environmental responsibilities (page 6).

Greening Initiative—Sustainable Environmental Stewardship

Review of PBS's Greater Southwest Regional Energy Savings Performance Contract Task Orders. The review disclosed that PBS in GSA's Greater Southwest Region did not obtain full and open competition in awarding a \$10 million Energy Savings Performance Contracts task order to Honeywell International, Inc. Their justification did not demonstrate the urgency cited as a reason for restricting competition (page 7).

Audit Memorandum to the FAS Commissioner: Eco-labels on GSA *Advantage!* This review disclosed that 84 percent of the manufacturers listed in GSA's *Advantage!* as having Green Seal certification are not actually certified (page 7).

American Recovery and Reinvestment Act of 2009

Richard H. Poff and Huntington Building Modernization Projects Review. Valued at \$51.4 and \$27.8 million respectively, the Poff and Huntington Federal Building contracts were awarded without adequate price competition, in violation of the Competition in Contracting Act (CICA). GSA provided the Guaranteed Maximum Price (GMP) for construction services to potential bidders, effectively eliminating price as an evaluation factor and stymieing opportunities for competition (page 8).

Edith Green/Wendell Wyatt Modernization Project Review. This audit found that PBS incorrectly executed the Construction Manager as Constructor (CMc) contract because it did not establish the GMP at the contract award, proceeded without justification for other than full and open competition, and did not use Independent Government Estimates to determine price reasonableness (page 8).

Peace Arch U.S. Port of Entry Redevelopment. Our audit found that PBS did not establish the required GMP and also failed to justify the use of other than full and open competition (page 9).

Limited Scope Review of Task Order FN750801T3R Funded by Recovery Act. Our review of a follow-on Recovery Act task order awarded to Indian Health Services for server upgrades found that it was inappropriately awarded because the requirements were outside the scope of the original task order and price reasonableness was not determined (page 10).

IT Support Task Order for the Department of Homeland Security (DHS) Consolidation at Saint Elizabeth's. We reviewed the award, protest, and cancellation of a \$2.6 billion task order for information technology (IT) infrastructure for DHS's Headquarters Consolidation project under our Recovery Act oversight responsibilities. We noted multiple deficiencies and provided our observations to management to assist in formulating re-compete strategy (page 10).

Executive Summary

Other Initiatives

FAR Rule for Contractor Disclosure

The GSA OIG continues to evaluate and act on the disclosures made by contractors pursuant to the FAR rule requiring a contractor code of business ethics and conduct, an internal control system, and disclosure to the government of certain violations of criminal law, violations of the False Claims Act, and significant overpayments. During this reporting period, the OIG received nine disclosures, which related to timekeeping system errors, compliance failures, contractor employee fraud/inappropriate behavior, misuse of task order funds, and overbilling, both deliberate and unintentional (page 11).

Promoting and Protecting Integrity

To meet the needs of customer agencies, GSA contracts for billions of dollars' worth of equipment, supplies, materials, and services each year. When systemic issues are identified during investigations, they are shared with GSA management for appropriate corrective actions. During this period, criminal, civil, and other monetary recoveries totaled almost \$246 million.

Significant Civil Actions and Criminal Investigations

GSA OIG Establishes Headquarters Unit to Support Civil Recoveries

The OIG Office of Investigations has consolidated efforts on civil recoveries involving qui tam filings, FAR disclosures, and Trade Agreements Act (TAA) violations in its Washington, D.C. field office to make the greatest possible use of its investigative expertise. The unit now serves as a "one-stop shop" for conducting civil investigations and has seen much success during this reporting period (page 12).

Civil Recoveries. Verizon Communications agreed to pay \$92.7 million plus interest to settle allegations that it had improperly submitted claims for payment of certain taxes and charges under its telecommunications contract with GSA (page 12). Oracle America agreed to pay the government \$46 million to resolve claims that Sun Microsystems, Inc., which merged with Oracle in 2010, submitted false claims to GSA and other agencies. The settlement resolves allegations in a qui tam complaint that Sun provided incomplete and inaccurate information to contracting officers and paid kickbacks to systems integrator companies in return for recommendations

that federal agencies purchase Sun products (page 12). Black Box Corporation agreed to pay \$2.85 million to settle False Claims Act allegations that between 1998 and 2003 it failed to provide "volume order" discounts and promotional pricing as required by its GSA Multiple Award Schedule (MAS) contract (page 12). Lockheed Martin agreed to pay the government \$2 million to resolve allegations that it also violated the False Claims Act (page 13). Divine Imaging agreed to pay the government \$1.5 million for deliberately representing that the products it sold under government contracts were manufactured in TAA designated countries, when in fact the products were manufactured in non-designated countries, including the People's Republic of China (page 13).

Strategic Partnership with ICE Yields Results. In recent years, the Office of Investigations has observed a rise in the number of investigations involving counterfeit products in the government supply chain, such as counterfeit software and information technology. To better protect the government from such critical vulnerabilities to its infrastructure, the GSA OIG created the Government Infrastructure Protection Initiative (GIPI) by partnering with U.S. Immigration and Customs Enforcement (ICE)'s Intellectual Property Rights Center. Most notable during this semiannual period was a collaborative investigation of a naturalized U.S. citizen from China who imported counterfeit products to be sold to Cisco, and ultimately, the U.S. Government (page 13).

Theft and Fraud. Three former executives for the National Center for the Employment of the Disabled (NCED) were sentenced in March following an investigation that revealed the trio conspired to embezzle federal program funds by falsely representing that their handicapped workforce performed over 75 percent of government contract work as required to receive no-bid contracts. The three executives were ordered to pay \$3.8 million, \$58.2 million, and \$1.7 million in restitution respectively (page 14). Former GSA contractor Nicole Smith was sentenced to 20 months of incarceration, three years of supervised release, and 400 hours of community service, and ordered to pay \$1.88 million in restitution, for using her access to GSA computer systems to create fraudulent task orders to her company, NTT Consulting, LLC (page 14). Jeffrey Blake and Michael Morand of M & A Supply were ordered to pay \$225,213 to the government for their role in a conspiracy to submit false freight invoices related to a GSA schedule contract (page 14). An investigation revealed

Executive Summary

that Alan Shad, owner of Rugged Notebooks, falsified the country of origin information for the laptops sold to the government through a GSA contract. Rugged Notebooks has been debarred for five years (page 15). Nortel Networks was debarred until October 2013 after the GSA OIG received information that Nortel paid \$35 million to the government to settle a lawsuit filed by the Securities and Exchange Commission (SEC) alleging that it engaged in accounting fraud (page 15). A Customs and Border Protection officer was debarred from doing business with the government for four years after pleading guilty to federal alien smuggling and bribery charges, for which he was sentenced to 37 months of incarceration (page 15). Former Air Force commander Sidney Brandler pleaded guilty to a charge of misprision of a felony after it was revealed that he had an interest in a company that does business with the United States; his business partner in the venture was the contract program manager responsible for recommending of which companies should receive GSA task orders (page 15). Colin Michael Fry pleaded guilty to the theft of numerous plasma televisions from the Chet Holifield Federal Building, and was sentenced to three years of probation and ordered to pay restitution in the amount of \$3500 (page 15).

Fleet and Travel Card Abuse. A proactive GSA OIG investigation resulted in the arrest and indictment of a contractor and her husband for using multiple Wright Express (WEX) credit cards to fuel non-government vehicles, resulting in an estimated loss of \$298,780 (page 16). A former Amtrak Track Inspector, Ross Kelly, pleaded guilty to theft and was ordered to pay \$8,000 in restitution for his fraudulent use of a government credit card for fuel for his personal vehicle, and for fraudulently claiming overtime that he never worked (page 16). Chaz Mathis pleaded guilty to theft and aiding and abetting for fraudulent use of a WEX credit card assigned to the U.S. Navy Earle Naval Weapons Station (page 16). U.S. Army Staff Sergeant Vincent Dotson was demoted two grades and ordered to forfeit \$7,200 in pay and pay the GSA \$1,500 in restitution after the GSA OIG revealed that he had misused a government vehicle and corresponding WEX credit card, costing the government approximately \$8,800 (page 16).

Contractor Stephen Hunter was sentenced to six months in jail after pleading guilty to three felony counts of financial transaction card fraud to fuel personal vehicles (page 16). A National Park Service maintenance worker pleaded guilty to theft when it was revealed that the employee had used government credit cards to fuel privately owned vehicles (page 16). A Fort Bragg contractor employee was arrested while using a government credit card to fuel privately owned vehicles and was charged with felony financial card theft (page 17).

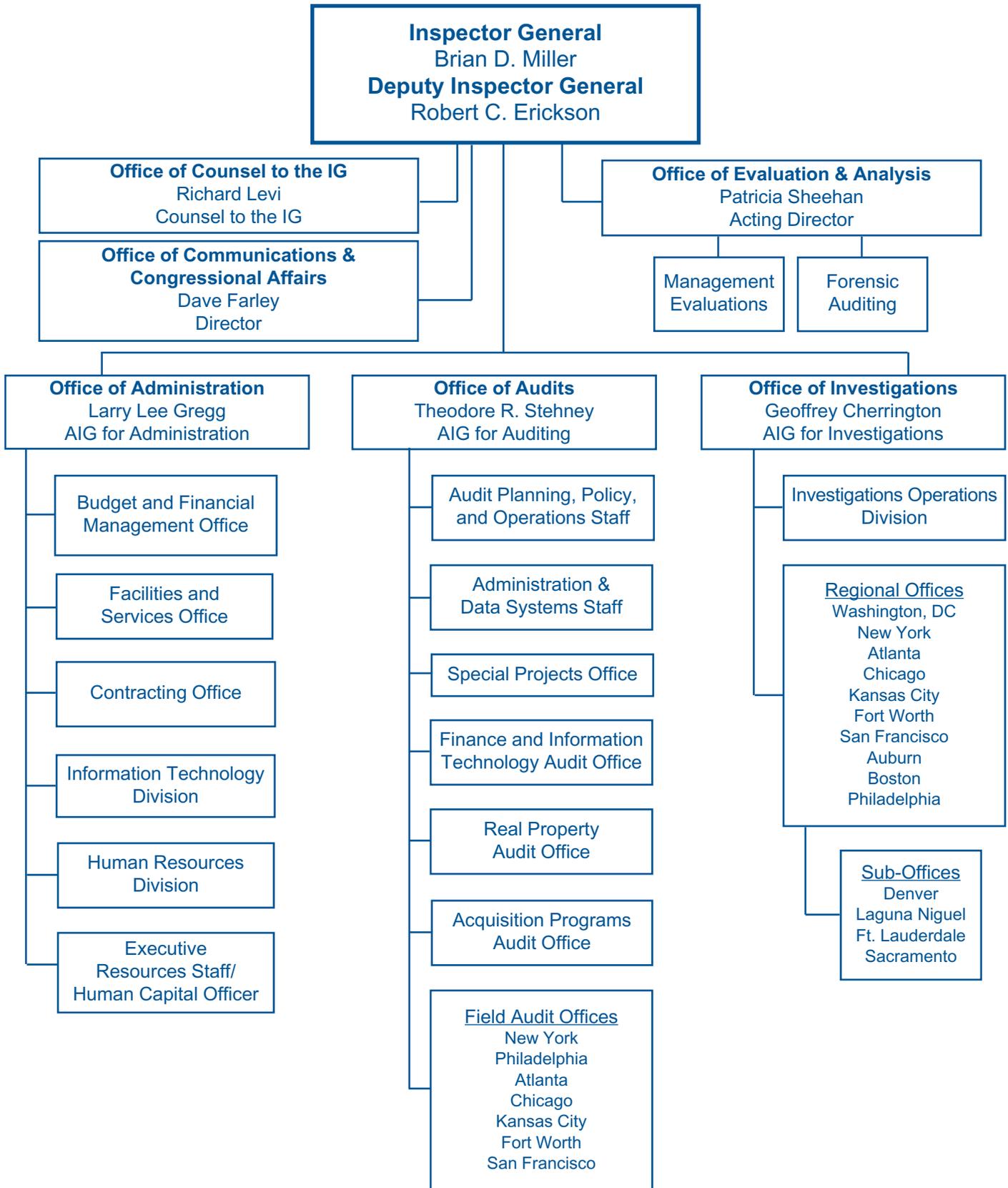
WPA Artwork. The GSA OIG has continued its collaborative campaign with the Public Buildings Service's Fine Arts Program to spread awareness of our recovery of artworks produced through the New Deal era Works Progress Administration (WPA). During this period, two historically significant pieces were returned to the custody of the government: *Before the Storm*, and John Holland's *Trees, Golden Gate Park*. Several print articles, a D.C. area cable news program interview of Inspector General Brian Miller, the release of a GSA-produced video documentary entitled *Returning America's Art to America*, and the airing of a WPA segment on Public Television's *The Antiques Roadshow*, anticipated this summer, will continue to bolster our recovery efforts (page 17).

Suspension and Debarment. During this reporting period, the OIG made 112 referrals to the GSA Office of Acquisition Policy. GSA issued 58 suspensions and debarment actions based on current and previous OIG referrals.

Integrity Awareness. The OIG presents Integrity Awareness Briefings to educate GSA employees on preventing fraud and abuse. During this period, the OIG presented 32 briefings attended by 287 employees.

Hotline. During this reporting period, the OIG received 1,585 Hotline contacts, on the basis of which 219 Hotline cases were initiated. Of these cases, 95 referrals were made to GSA program officials; 49 referrals were made to other federal agencies; 69 were referred for OIG investigations or audits; and 6 did not warrant further review.

OIG Organization Chart



(This page was intentionally left blank.)

OIG Profile

Organization

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

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

- The Office of Audits, an evaluative organization staffed with auditors and analysts who provide comprehensive coverage of GSA operations through program reviews, assessment of management controls, and financial, regulatory, and system audits. The office conducts attestation engagements in support of GSA contracting officials to carry out their procurement responsibilities and obtain best value for Federal customers and the American taxpayers. The office also provides other services to assist management in evaluating and improving their programs.
- The Office of Investigations, an investigative organization that conducts a nationwide program to prevent, detect, and investigate illegal and/or improper activities involving GSA programs, operations, and personnel.
- The Office of Counsel, an in-house legal staff that provides legal advice and assistance to all OIG components, represents the OIG in litigation arising out of or affecting OIG operations, and manages the OIG legislative and regulatory review.
- The Office of Evaluation & Analysis houses the internal OIG evaluation and analysis program and the Office of Forensic Auditing. The Office of Forensic Auditing employs innovative auditing and investigative

techniques to conduct investigations and reviews of potentially fraudulent, improper, wasteful and/or abusive activities within selected Agency operations and programs. The evaluation and analysis program conducts operational assessments of OIG's central and field offices and other operating components, implements the OIG's Federal Managers' Financial Integrity Act program, and undertakes special projects and analyses as required by the Inspector General.

- The Office of Administration, a professional staff that provides information technology, budgetary, administrative, and personnel support services to all OIG offices.

Office Locations

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

Staffing and Budget

As of March 31, 2011, our on-board staffing level was 312 employees. The OIG's Fiscal Year (FY) 2011 budget request was \$65.5 million, which includes \$450,000 in reimbursable authority and \$2.18 million in funds appropriated under the American Recovery and Reinvestment Act of 2009. In lieu of a full year appropriation, the OIG is currently operating under a continuing resolution.¹

¹These numbers reflect our operating budget as of the last day of the reporting period. Before our report went to print, Congress passed the FY 2011 budget. Our budget now stands at \$58.8 million.

Management Challenges

Each year since 1998, we have identified and shared with Congress and senior GSA management those areas and issues we believe to be the major challenges facing the Agency. (This year's list is summarized on the front inside cover of this report.) During this reporting period, we continued our work addressing these challenges by recommending corrective actions, and working with management to improve Agency operations. The following highlights some of our activities.

Acquisition Programs

GSA provides federal agencies with billions of dollars of products and services through various types of contracts. As of March 31, 2011, there were almost 19,000 Multiple Award Schedule (MAS) contracts under GSA's procurement program with over \$20.5 billion in annual sales. We oversee this program by conducting attestation engagements and audits of these contracts. Historically, for every dollar invested in our preaward examinations, we achieve at least \$10 in lower prices, or more favorable contract terms and conditions for the benefit of the government and the taxpayer.

Significant Preaward Examinations and Other Audits

The pre-decisional, advisory nature of preaward examinations distinguishes them from other products. This program provides vital and current information enabling contracting officers to significantly improve the government's negotiating position and to realize millions of dollars in savings on negotiated contracts. During this period, we performed preaward examinations of 35 contracts with an estimated value of \$4.25 billion. We recommended that more than \$157 million in funds be put to better use. Management decisions were made on 23 of our preaward reports, which recommended over \$288 million of funds be put to better use, and management agreed with 99.3 percent of our recommended savings.

Four of our more significant examinations were of MAS contracts with projected government-wide sales totaling more than \$1.9 billion. These examinations resulted in recommendations that \$114 million in funds be put to better use. Two of the vendors could not demonstrate that their proposed rates were fair and reasonable, mainly because they did not have sufficient commercial sales to use as a basis for this determination. The alternate cost build-up information they provided showed that the proposed rates were overstated. In the other two examinations, the commercial sales practices information provided to support the reasonableness of the proposed pricing was inaccurate. One contractor failed to disclose

the extent to which it offered higher discounts to its commercial customers vis-à-vis those offered GSA, while the other failed to report any of its higher discounting practices.

The Office of Management and Budget (OMB) has long recognized both the value of our audit coverage and the dichotomy between the growth in GSA's contract activities and our limited audit resources. Beginning in 2004, OMB supplemented our financial support, through Federal Acquisition Service (FAS) contract program revenue, so that we could increase our oversight in this area. These additional funds allowed us to hire staff to support expanded audit and attestation engagement activities, primarily preaward examinations (with minor increases in performance audits as well). Starting in FY 2010, OMB increased the OIG's direct appropriations to help ensure continued service in this area. As in the past, we will work closely with FAS to develop preaward and contract performance assessment programs that strengthen government-wide contracts and provide value for the taxpayers.

Audit of the PBS National Broker Contract

Report Number A070228/PIWIR11004, dated December 22, 2010

This audit determined that the Public Buildings Service's (PBS) initial National Broker Contract (NBC) program achieved mixed results. On one hand, the NBC proved to be successful in that it showed that a national scope contract can attract competitive, qualified brokers able to deliver effective leasing services under a commission-based compensation formula. It also showed that commission-based compensation can be made compatible with federal appropriations law and that conflicts of interest in the leasing arena can be a manageable risk. On the other hand, NBC did not realize all of its desired goals. It demonstrated that a substantial portion of GSA's lease acquisition workload remains outside the scope of commission-based services. The shift away from in-house service delivery presents

Management Challenges

Acquisition Programs (continued)

administrative burdens not fully supported by PBS's existing business applications. In addition, it is unclear if the program, taken as a whole, produced the cost savings that were anticipated.

Our report did not contain formal recommendations; rather, the results were presented to management with the intent of assisting PBS in the administration of the successor NBC program. PBS noted that many of the issues raised in this report were addressed with the award of the second generation NBC.

Review of Consistency in Implementing Policy Across Acquisition Centers – Temporary Extensions

Report Number A100204/Q/A/P11005, dated March 31, 2011

We found that the Federal Acquisition Service (FAS) acquisition centers do not consistently implement and/or follow proper regulations, policies, and procedures regarding temporary contract extensions.¹ Contracting officers are not consistent regarding the contract clauses they cite as authority to issue contract extensions. Interviews with FAS contracting personnel disclosed uncertainty regarding the correct procedures to use in awarding temporary extensions. In addition, some contract files lacked evidence of supervisory review of the temporary extensions. These issues could result in invalid contract extensions and lapses in the performance period of MAS contracts. The primary cause of these inconsistencies appears to be the lack of adequate centralized policies and procedures regarding temporary extensions. In addition, FAS does not have an automated method for centrally compiling, summarizing, and reporting data regarding the use of temporary extensions. The absence of this data significantly limits FAS's ability to manage and reduce the need for these extensions.

We recommended that the Commissioner of the Federal Acquisition Service:

¹FAS's MAS contracts contain one five-year base period and three five-year option periods. Warranted contracting officers are responsible for awarding the base contracts and options. If a contracting officer is unable to exercise an option period prior to the contract's expiration date, they may temporarily extend the period of performance for a designated amount of time.

- Ensure consistency in implementing and adhering to regulations, policies, and procedures regarding temporary extensions by establishing centralized policies and procedures for use of the proper contract clauses by the acquisition centers.
- Remedy potential financial and competition issues by examining the contracts with performance period lapses identified as part of this review.
- Improve FAS's ability to manage and reduce the need for temporary extensions within the MAS program by developing an automated method of accumulating and reporting data regarding the use of temporary extensions. The data collected should encompass all acquisition centers and the rationale for issuing any extension.

The FAS Commissioner concurred with our report recommendations.

Memorandum: Task Order for Environmental Communications Services at the Bannister Federal Complex: GX-P-06-10-GS-0012 Awarded to Jane Mobley Associates, Inc.

Dated February 18, 2011

GSA's PBS violated competitive procurement regulations by awarding the subject task order in one day to a sole source without adequate justification for the "unusual and compelling need" for work performed. The Agency did not support that an unacceptable delay would occur if it obtained competition. The scope of work was not sufficiently defined nor were there measurable deliverables. The government did not demonstrate the need for these services nor that the price was fair and reasonable.

This review was initiated based on fieldwork conducted during our examination of the health and safety conditions at the Bannister Federal Complex. At that time, we noted problems related to the award and administration of this task order and issued a memorandum to the Region expressing our concerns.

Contracting actions should always be properly supported in terms of need, including any source

Management Challenges

Acquisition Programs (continued)

restrictions and cost. The purpose of our memorandum was to make GSA management aware of problems with the procurement and to assist the region in ensuring that these problems are not repeated in the future.

The PBS Regional Commissioner reaffirmed management's position that the contract met the criteria for an urgent and compelling need and that the contractor was the only local firm that had knowledge of the issues. There is no corrective action required. However, since these matters are part of an on-going review, we plan to prepare a formal audit report with appropriate recommendations at a later date.

Information Technology

Improved planning, development, and implementation of information technology (IT) systems and services are needed to ensure quality data and to support business decisions. GSA management faces challenges in meeting two strategic business goals of providing effective and reliable IT systems and solutions, and providing balanced stewardship of information and technology. Challenges exist because GSA systems often do not integrate with each other, resulting in duplication of business processes, cost inefficiencies, and customer dissatisfaction.

FY 2010 Office of Inspector General FISMA Review of GSA's Information Technology Security Program

Report Number A100085/OI/FIF11001, dated December 8, 2010

The Federal Information Security Management Act of 2002 (FISMA) requires Federal agencies to develop, implement, and document an agency-wide information security program. FISMA requires Inspectors General to perform an annual independent evaluation to determine the effectiveness of their respective agency's information security program, including testing a subset of the agency's information systems.

GSA's Chief Information Officer (CIO) continues to make improvements in the agency's IT security program. For example, the CIO has updated GSA's IT Security Policy, published procedural guidance on a variety of information security topics, and expanded the IT security program to cover cloud computing technologies.

However, during our annual FISMA review, we tested five systems: Excluded Parties List System; Federal Procurement Data System Next Generation (FPDS-NG); FedBizOpps; Information Technology Solutions Shop (ITSS); and Electronic Acquisition System (EAS)/Comprizon. Overall, we found four key areas which need further strengthening:

- Security misconfigurations of database or operating system software increased the risk that these systems and/or their sensitive data could be inappropriately accessed, modified, or destroyed.
- Inconsistent implementation of the audit logging and monitoring policy for three of the five systems means system security officials may be unable to determine if there has been unauthorized activity or if the systems have been compromised. Further, investigative actions in response to security incidents may be hindered.
- None of the five systems used multifactor authentication for remote access to sensitive information. As a result, these systems were placed at an increased risk of unauthorized access, disclosure of sensitive information, and having their data compromised.
- GSA has not implemented a solution to encrypt agency laptops, a condition we originally reported in 2008. Consequently, sensitive information may be disclosed and/or misused in the event that the laptops are lost or stolen.

To improve GSA's IT Security Program and ensure the security of GSA systems, data, and operations, we recommended that the GSA CIO take actions to:

- Strengthen configuration management practices for GSA systems by:
 - Increasing oversight of security officials' application of baseline configuration requirements, and
 - Expanding technical testing processes to include authenticated scanning.
- Work with system security officials to prioritize the implementation of audit logging and monitoring controls for GSA systems.

Management Challenges

Information Technology (continued)

- Ensure that all remotely accessed systems implement multi-factor authentication, as appropriate.
- Implement an encryption solution for agency laptops that integrates into GSA's network environment.

The CIO concurred with our report recommendations.

The following describes the systems we tested:

The **Excluded Parties List System (EPLS)*** is an electronic, web-accessible database used to compile and maintain a current listing of all parties debarred, suspended, proposed for debarment, or declared ineligible to participate in federal programs.

**FY 2010 Office of Inspector General Information Technology Security Audit of the Excluded Parties List System, Report Number A100113/OIFIF11003, dated December 20, 2010*

The **Federal Procurement Data System – Next Generation (FPDS-NG)*** is the federal government's official source for procurement data and is used to track government spending. The data is also used to measure and assess the impact of federal procurement on the nation's economy, the extent to which awards are made to businesses in various socio-economic categories, and the impact of full and open competition on the acquisition process.

**FY 2010 Office of Inspector General Information Technology Security Audit of FPDS-NG, Report Number A100113/OIFIF11004, dated December 20, 2010*

The **FedBizOpps System (FBO)*** is a government-wide Internet-based information system used to publish federal acquisitions. FBO provides authorized federal buyers the capability to post solicitations on the Internet and allows vendors to search for, monitor, and retrieve information on federal business opportunities.

**FY 2010 Office of Inspector General Information Technology Security Audit of FedBizOpps, Report Number A100113/OIFIF11005, dated December 28, 2010*

The **Information Technology Solutions Shop (ITSS)*** is a component of the Regional Business Applications

(RBA) system. ITSS was designed to facilitate the development of delivery and purchase orders through an automated, convenient, and secure publicly accessible web-based user interface.

**Office of Inspector General Information Technology Security Audit of the Information Technology Solutions Shop (ITSS) System, Report Number A100123/Q/FIP11002, dated November 9, 2010*

The **Electronic Acquisition System/Comprizon (EAS)*** system is intended to provide the Public Buildings Service procurement community with a comprehensive software product to support the full contracting lifecycle within the service.

**FY 2010 Office of Inspector General Information Technology Security Audit of the Electronic Acquisition System (EAS)/Comprizon, Report Number A100122/P/FIR11002, dated November 9, 2010*

Financial Reporting

GSA systems, including its financial system of record (Pegasys), continue to have deficiencies in interoperability and interfaces. As a consequence, GSA management continues to rely heavily on manual workarounds and significant adjusting entries to prepare the financial statements and related note disclosures. Controls over budgetary accounts and transactions, financial reporting, and over certain note disclosures need improvement.

Audit of the General Services Administration's Fiscal Year 2010 Financial Statements

Report Number A100078/B/FIF11002, dated December 23, 2010

In accordance with the Chief Financial Officer's Act of 1990, the OIG directed the GSA's FY 2010 Financial Statement Audit. This year, as in the past, the audit was performed by an independent public accounting firm (IPA), with oversight, support work, and guidance provided by the OIG. The IPA issued an unqualified opinion on GSA's September 30, 2010, balance sheets. The IPA's unqualified opinion included the Federal Buildings Fund, and the Acquisition Services Fund, plus their related consolidated and individual statements of net

Management Challenges

Financial Reporting (continued)

cost, changes in net position, and the combined and individual statements of budgetary resources for the year.

Although, the IPA did not identify any material weaknesses related to GSA's financial management systems, internal controls, or financial reporting, they did note significant deficiencies related to (1) controls over budgetary accounts and transactions; (2) controls over accounting and reporting of general property and equipment; (3) controls over accounting and reporting of environmental liabilities; (4) controls over revenue and expense recognition policies in the Federal Acquisition Services Fund; and (5) general and application controls over financial management systems. The IPA recommended a number of corrective actions to address each of these issues.

Protection of Federal Facilities and Personnel

GSA has a major multifaceted responsibility to provide a safe, healthy, and secure work environment for over one million employees and public visitors in federal buildings. The increased risks from terrorism have greatly expanded the range of vulnerabilities. A broadly integrated security program is required.

Review of Health and Safety Conditions at the Bannister Federal Complex, Kansas City, Missouri

Report Number A100116/IP/6/R11001, dated November 8, 2010

In response to requests from U.S. Senators Christopher Bond and Claire McCaskill and Congressman Emmanuel Cleaver, the GSA Inspector General initiated a review of the environmental conditions at the Bannister Federal Complex (Complex) in Kansas City, Missouri. These requests indicated concerns that some current and former employees may have developed serious illnesses and died as a result of exposure to toxic substances at the Complex.

First and foremost, recent testing has revealed no significant health hazards in the GSA-controlled space at the Complex. However, our review disclosed that, in the past, GSA's Heartland Region Public Buildings

Service (Region) did not always take appropriate steps to protect the health and safety of the occupants of the Complex, even when presented with evidence of potential hazards. In fact, we determined that prior to 2010, the Region did not have a strong environmental management program for the Complex. In addition, the Region's environmental personnel provided incorrect and misleading information in response to questions about environmental conditions at the Complex. Moreover, the Region's personnel did not have a clear understanding of environmental responsibilities pertaining to the GSA-controlled portion of the Complex and did not adequately document or maintain files related to health and safety conditions at the Complex. Finally, the Region may not have complied with the annual reporting requirements of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA).

We recommended that the GSA Heartland Regional Administrator, and the Public Buildings Service Regional Commissioner:

- Build on the actions taken during the current year to establish an environmental management program that proactively protects the occupants at the Complex.
- Establish controls to ensure that Regional environmental personnel are knowledgeable of the environmental rules and regulations applicable to the Complex.
- Institute controls to ensure that information provided to the public and in response to other inquiries is accurate and that safety and environmental management personnel maintain complete and organized files in order to provide an accurate basis for the information.
- Determine, in conjunction with GSA's Office of General Counsel, if GSA is required to file an annual CERCLA report with Congress for the Complex and, if applicable, file the appropriate reports.

Regional Management disputed some aspects of the report but agreed with our recommendations.

Management Challenges

Greening Initiative – Sustainable Environmental Stewardship

Under recent regulatory initiatives, GSA has additional responsibilities to lead change toward sustainability in its major role in Federal construction, building operations, acquisition, and government-wide policy. The Agency, however, faces challenges in implementing its Strategic Sustainability Performance Plan and achieving its goal of a Zero Environmental Footprint. Three obstacles exist for successful implementation. First, GSA needs a transparent management framework to coordinate its business lines with its external partners. Second, GSA needs metrics that align effectiveness of actions with its mission. Third, GSA needs to capture accurate and complete data to monitor and evaluate sustainable activities.

Review of the Greater Southwest Region Public Buildings Service Energy Savings Performance Contract Task Order

Report Number A100169/P17/R11006, dated January 20, 2011

This review disclosed that PBS in GSA's Greater Southwest Region (Region) did not obtain full and open competition in awarding a \$10 million Energy Savings Performance Contracts (ESPC) task order. To ensure fair and reasonable pricing, Federal Acquisition Regulation (FAR) and ESPC guidance require executive agencies to obtain competition unless it can be shown to be in the Government's best interest to do otherwise.

While the Region provided justification for limiting fair opportunity, the justification was not valid. The Region cited an urgent need for the supplies and services in question but could not demonstrate this urgency.

With the enactment of the American Recovery and Reinvestment Act (Recovery Act), the Region was allocated approximately \$353 million in Recovery Act funding. On March 30, 2010, as part of its "green building" initiative, the Region awarded an ESPC task order to Honeywell International, Inc. in the amount of \$10,317,613 (\$7,029,557 of this amount was Recovery Act funding). The award was made as a sole source procurement citing an urgent need for these services. However, the Region could not provide any support for this assertion.

We recommended the Region ensure: (1) that future justifications for other than full and open competition on all procurements are valid; and (2) that its personnel are aware of OMB guidance related to Recovery Act funds.

The Region's management did not officially concur with our finding. However, based on discussions with management and their agreement to take corrective action, we infer management concurs with our finding.

Audit Memorandum to the FAS Commissioner: Eco-labels on GSA Advantage!®

Dated December 22, 2010

This review disclosed that 84 percent of the manufacturers listed in GSA Advantage!®, as having Green Seal certification are not actually certified. Specifically, only 35 out of 217 manufacturers (16 percent) were identified by Green Seal as having certified products. Further, the 35 certified manufacturers offered numerous uncertified products that were classified as certified in GSA Advantage!®. Consequently, federal agencies cannot rely on GSA Advantage!®, to help them meet their sustainable procurement goals.

The Green Seal organization evaluates and certifies products and services that meet specific environmental standards. GSA Advantage!®, the system agencies use to shop for products and services offered by GSA-approved vendors, identifies these environmentally friendly items via "eco-labeling." However, GSA does not have controls to ensure the labeling is valid. GSA does not require contractors and manufacturers to submit their Green Seal official award letter and certification as a condition of having their products and services "eco-labeled" in GSA Advantage!®.

GSA should conduct a thorough examination of green product categories as expeditiously as possible. Until this examination is completed, GSA should remove or disable the Green Seal search criterion in GSA Advantage!®. Also, GSA must improve its controls regarding the verification of manufacturers' Green Seal certifications.

Management Challenges

American Recovery and Reinvestment Act of 2009

The American Recovery and Reinvestment Act of 2009 (Recovery Act) provided GSA with a \$5.55 billion appropriation for its Federal Buildings Fund, and in accordance with the Act, GSA's Public Buildings Service is using the funds to convert Federal buildings into High-Performance Green Buildings as well as to construct Federal buildings, courthouses, and land ports of entry. The Recovery Act mandates that \$5 billion of the funds were to be obligated by September 30, 2010, and that the remaining funds be obligated by September 30, 2011. Under this mandate GSA's project teams have had to plan and contract for projects within extremely short timeframes. Even with the addition of new employees and contract support staff, meeting these deadlines has strained the capabilities of the project teams even before the beginning of actual construction for these projects. The GSA OIG is conducting oversight activities including internal audits, attestation engagements, and memorandums of construction and modernization projects funded by the Recovery Act.

Recovery Act Report – Richard H. Poff and Huntington Building Modernization Projects Review of PBS's Major Construction and Modernization Projects Funded by the American Recovery and Reinvestment Act of 2009

Report Number A090172/PIR/R11003, dated November 17, 2010

GSA violated the Competition in Contracting Act (CICA) and the competitive requirements of the FAR by awarding construction services for the Richard H. Poff (Poff) and Huntington Building modernization projects without adequate price competition. The Poff and Huntington Federal Building modernization projects were awarded as Construction Manager as Constructor (CMc) contracts with a Guaranteed Maximum Price (GMP), and had total contract values of \$51,430,910 and \$27,839,900, respectively.

GSA, through the Requests for Proposals, provided the GMP for construction services to potential bidders. Since GSA provided advance knowledge of what it was

willing to pay, its action effectively eliminated price as an evaluation factor for the major portion of the contracts. Consequently, this violates CICA. In addition, GSA exceeded the FAR limits on pricing information that may be provided in a solicitation. FAR 36.204 states, "advanced notices and solicitations shall state the magnitude of the requirement in terms of physical characteristics and estimated price range." GSA provided the exact GMP for the construction services options and the bids reflected this which raises questions as to whether the government received fair pricing.

We recommended that the Commissioner of the Public Buildings Service:

- Refrain from exercising the remaining options on the Poff and Huntington modernization projects unless compliance with applicable laws is assured; and
- Develop and implement a system of management controls to ensure that contracts using the Construction Manager as Constructor (CMc) methodology meet competition requirements.

The PBS Commissioner concurred with the report recommendations.

Recovery Act Report – Edith Green/Wendell Wyatt Modernization Project Review of PBS's Major Construction and Modernization Projects Funded by the American Recovery and Reinvestment Act of 2009

Report Number A090172/PIR/R11005, dated January 21, 2011

GSA PBS incorrectly executed the CMc contract with a Guaranteed Maximum Price for the modernization of the Edith Green/Wendell Wyatt Federal Building, located in Portland, Oregon. We concluded that (1) the procurement of Construction Phase Services does not meet competition requirements; (2) price reasonableness was inadequately established; (3) funding was awarded through an unwarranted obligation; and (4) the project management plan was out of date. This report was initiated based on fieldwork conducted in the Northwest/Arctic Region between January 2010 and October 2010.

Management Challenges

American Recovery and Reinvestment Act of 2009 (continued)

The Construction Phase Services were an unpriced option because PBS did not establish the GMP at contract award. Also, since PBS negotiated the GMP on a sole source basis with the CMc contractor, without justification for other than full and open competition, the procurement did not comply with the requirements of the FAR or CICA. Furthermore, PBS did not use Independent Government Estimates prepared by an independent third party to determine the price reasonableness of Construction Phase Services, and did not update the project management plan to reflect the current project. In both instances, PBS did not adhere to PBS policy. Finally, PBS also obligated funding for Construction Phase Services prior to exercising the option resulting in an obligation that was unwarranted. (PBS awarded the CMc contract in December 2009 and set the GMP in March 2010. The option for Construction Phase Services was exercised in July 2010.)

We recommended that the Commissioner of the Public Buildings Service:

- Develop and implement a system of management controls to ensure that contracts using the Construction Manager as Constructor methodology meet competition requirements and adequately incentivize the procurement;
- Perform a review of the cost of construction to ensure that it is fair and reasonable based on information that is current, accurate, and complete;
- Ensure that project teams have proper guidance and training to properly obligate funding for future construction contract actions; and
- Ensure that the project plans for all Recovery Act projects have been developed and are up-to-date including the project objectives, implementation and risk mitigation strategies, and team roles and responsibilities; as well as any decisions or changes affecting the scope, budget and scheduling.

The PBS Commissioner concurred with the report recommendations.

Recovery Act Report – Peace Arch U.S. Port of Entry Redevelopment: Construction Contract Review of PBS’s Major Construction and Modernization Projects Funded by the American Recovery and Reinvestment Act of 2009

Report Number A090172/PIR/R11007, dated March 4, 2011

Our oversight of GSA’s administration of projects funded by the Recovery Act revealed that PBS needs to improve its supervision of Construction Manager as Constructor (CMc) contracts. One example is its management of the Peace Arch Port of Entry project (Peace Arch project) in Blaine, WA. In this case, PBS violated the Competition in Contracting Act (CICA) and certain requirements of the FAR. PBS exercised the option for the project’s construction phase services as a sole source procurement and awarded contract modifications in a manner that effectively made them cost reimbursable.

The Peace Arch project was multi-phased. Construction phase services were intended to be awarded as a firm fixed price contract. However, PBS did not establish the required GMP for the construction option when the design phase was awarded. As a result, the construction phase defaulted to the CMc as an unpriced option. PBS’s failure to justify the use of other than full and open competition violated both CICA and FAR competition requirements.

Instead of a fixed price, the project was funded incrementally via 14 contract modifications. These modifications were priced based on subcontractor bids. Essentially, this type of approach functions as cost reimbursable contracting which deviates from the tenets of a CMc contract.

We recommended that the Commissioner of the Public Buildings Service develop and implement a system of management controls to ensure that contracts using the construction manager as construction methodology meet competition requirements and provide adequate incentives for this type of procurement.

The PBS Commissioner concurred with the report recommendation and noted that PBS is currently implementing plans to strengthen internal controls surrounding the CMc delivery method.

Management Challenges

American Recovery and Reinvestment Act of 2009 (continued)

Memorandum: Limited Scope Review of Task Order FN750801T3R Funded by the American Recovery and Reinvestment Act (Recovery Act) of 2009

Dated November 4, 2010

The Greater Southwest Region, Federal Acquisition Service, Acquisition Operations Division awarded a firm fixed priced task order, valued at over \$3.6 million for one base year and four one-year option periods. The task order provided for routine server maintenance and support line services, which included software updates and helpdesk services, to the Indian Health Services (IHS), Office of Information Technology.

Subsequently, the Acquisition Operations Division awarded an Recovery Act-funded task order for software and security upgrades to servers valued at \$661,870. According to file documentation, this task order was established to modify the original task order for ARRA monitoring purposes only. In addition, file documentation indicated the requirements of this Recovery Act funded task order were within the scope of the original task order.

We found that the Recovery Act-funded task order was inappropriately awarded because the requirements were outside the scope of the original task order, and price reasonableness was not determined. There was no documentation to support the contractor's statement of work or any to support a determination of price reasonableness concerning the \$2 million pricing proposal. As a result, the Government may not have received best value.

Acquisition Operations Division Management (Management) acknowledged the Recovery Act-funded task order was incorrectly awarded as a firm fixed price task order/modification against FN750801T3. In addition, Management recognized that: (1) a sole-source justification to the contractor should have been approved for this requirement; (2) a price analysis of the proposal should have been performed; (3) a new separate time & materials (T&M) task order should have been awarded; and (4) a justification for use of T&M should also have been prepared.

No formal recommendations were made and Management has proposed to take corrective actions.

Memorandum: Observations on IT Support Task Order for the Department of Homeland Security Consolidation at Saint Elizabeth's

Dated January 31, 2011

We reviewed the award, protest and cancellation of a \$2.6 billion task order for campus-wide information technology (IT) infrastructure. This particular task order was for the Department of Homeland Security (DHS) Headquarters Consolidation project at the Saint Elizabeths campus in Washington, D.C. We conducted our review as part of our oversight responsibilities under the American Recovery and Reinvestment Act (Recovery Act).

We noted that: (1) the composition of the procurement team compromised the contracting officer's ability to render independent determinations; (2) the contract lacked key elements needed to implement its cost sharing and price renegotiation features, undercutting the Government's goal of negotiating a firm-fixed price; (3) contract ceiling prices, and the cost estimates upon which they were based, were likely understated over the 10-year period of performance; (4) parts of the award were structured in a manner that introduced an avoidable risk and likely increased costs; and (5) GSA created an obligation that exceeded its available funding and may have violated the bona fide needs rule. We provided our observations to management to help them formulate their re-compete strategy.

This review was not an audit; fieldwork was limited to inquiries of GSA management and to a review of task order documentation. Neither a response nor a formal action plan was required.

Other Initiatives

We initiated a website for contractor self reporting and internal procedures for evaluating such disclosures. Our action was in response to legislative measures

Management Challenges

Other Initiatives (continued)

regarding the Federal Acquisition Regulation (FAR) rule that requires government contractors to disclose to agencies' OIGs credible evidence of violations of federal criminal law under Title 18, United States Code, or the civil False Claims Act.

FAR Rule for Contractor Disclosure

Effective December 12, 2008, the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council agreed on a final rule amending the FAR to amplify the requirements for a contractor code of business ethics and conduct, an internal control system, and disclosure to the government of certain violations of criminal law, violations of the civil False Claims Act, and significant overpayments. The final rule implements the Close the Contractor Fraud Loophole Act, Public Law 110–252, Title VI, and Chapter 1. Under the rule, a contractor must timely disclose credible evidence of a violation of federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 of the United States Code, or a violation of the civil False Claims Act. The disclosure must be made to the relevant agency's OIG in connection with the award,

performance, or closeout of a government covered contract performed by the contractor or a subcontract awarded thereunder. The rule provides for the suspension or debarment of a contractor when a principal knowingly fails to timely disclose, in writing, such violations.

The GSA OIG established a website for contractor self-reporting and GSA's contractors may make the required disclosures through this website. Further, the OIG developed internal procedures to process, evaluate, and act on any disclosures made by contractors. As disclosures are made, the Office of Audits, Office of Investigations, and Office of Counsel to the Inspector General work together examining each acknowledgment and determine what actions are warranted.

Disclosures for this Reporting Period

During this reporting period, the OIG received 9 disclosures. These disclosures included submission of inaccurate information on proposals (both intentional and unintentional); compliance failures; contractor employee fraud/inappropriate behavior; and overbillings.

Promoting and Protecting Integrity

GSA is responsible for providing working space for one million federal employees. The Agency also manages the transfer and disposal of excess and surplus real and personal property and operates a government-wide service and supply system. To meet the needs of customer agencies, GSA contracts for billions of dollars worth of equipment, supplies, materials, and services each year. We conduct reviews and investigations in all these areas to ensure the integrity of the Agency's financial statements, programs, and operations, and that the taxpayers' interests are protected. In addition to detecting problems in these GSA programs and operations, the OIG is responsible for initiating actions and inspections to prevent fraud, waste, and abuse and to promote economy and efficiency. When systemic issues are identified during investigations, they are shared with GSA management for appropriate corrective actions. During this period, criminal, civil, and other monetary recoveries totaled almost \$246 million (see Tables 5 and 6).

Significant Civil Actions and Criminal Investigations

GSA OIG Establishes Headquarters Unit to Support Civil Recoveries

Over the past few years, the Office of Investigations has consolidated investigative efforts related to civil recoveries involving qui tam filings, Federal Acquisition Regulation (FAR) disclosures, and Trade Agreements Act violations in its Washington, D.C., field office. In recognition of the need to expand civil recovery efforts throughout its field offices, the GSA OIG formalized this successful initiative as a separate unit to make the greatest possible use of the expertise the organization has gained through previous successful investigations.

The unit now serves as a "one-stop shop" for expert information and advice that is necessary to conduct civil investigations, and which contributed to the successes outlined below.

Verizon Communications Agrees to Pay \$93.5 Million to Settle Government Claims

On February 18, 2011, Verizon Communications, Inc., agreed to pay the United States \$92.7 million plus interest to settle the government's claim that Verizon submitted false claims for payment of certain taxes and charges under its GSA contract for telecommunications services for the time period between April 20, 2004, and September 30, 2010. Verizon immediately paid \$93,525,410.96 to the United States Treasury. This investigation, which was conducted by the Kansas City Audit Office and the Washington, D.C., Investigations office, was initiated after a qui tam complaint was filed alleging that Verizon had defrauded the United States by intentionally applying taxes, fees, and surcharges in contravention of the terms

of its GSA contract. Negotiations for this settlement were conducted jointly by representatives from the Department of Justice in Washington, D.C. and the U.S. Attorney's Office for the District of Columbia.

Oracle America Settles False Claims Charges for \$46 Million

On January 31, 2011, Oracle America, Inc., agreed to pay the United States \$46 million to resolve claims that Sun Microsystems, Inc. (which merged with Oracle in 2010), submitted and caused others to submit false claims to GSA and other federal agencies. The settlement resulted from a qui tam investigation by the Philadelphia Audit Office and the Washington, D.C., Investigations Office. Negotiations for this settlement were conducted jointly by representatives from the Department of Justice in Washington, D.C., and the U.S. Attorney's Office for the Eastern District of Arkansas. The settlement resolves claims under the False Claims Act and Anti-Kickback Act. Not only were Sun's GSA schedule contracts for 1994 and 1997 defectively priced because Sun provided incomplete and inaccurate information to GSA contracting officers during contract negotiations, but Sun also paid kickbacks to systems integrator companies in return for recommendations that federal agencies purchase Sun products.

Black Box Agrees to Pay \$2.85 Million to Settle False Claims Act Allegations

On March 8, 2011, Black Box Corporation, a GSA contractor, agreed to pay \$2.85 million to the U.S. Government to settle the alleged False Claims Act violations in connection with its GSA Multiple Award Schedule contract between December 1998 and December 2003. This investigation, which was a

Promoting and Protecting Integrity

Significant Civil Actions and Criminal Investigations (continued)

collaborative effort between the Philadelphia field investigations office and the GSA OIG Office of Audits, revealed that Black Box failed to provide “volume order” discounts and promotional pricing, and failed to waive or otherwise properly bill freight charges. As a result, Black Box did not bill various Federal agencies in connection with the ordering of general-purpose commercial information technology equipment, software, and services as required by its GSA contract.

Lockheed Martin Agrees to Pay \$2 Million to Resolve False Claims Allegations

On January 24, 2011, Lockheed Martin, Inc. (Lockheed), agreed to pay the U.S. Government \$2 million to resolve allegations that it violated the False Claims Act by submitting or causing the submission of false claims, and conspiring to submit false claims, under a contract with GSA in the support of the Naval Oceanographic Major Shared Resource. The contract, awarded in April 2004, was to provide support services for the National Center for Critical Information Processing and Storage (NCCIPS) at the Stennis Space Center in Mississippi. GSA awarded the contract to Science Applications International Corporation (SAIC), which teamed with Lockheed and Applied Enterprise Solutions (AES) to perform the task order.

This settlement is the result of a GSA OIG Atlanta field office qui tam investigation that was conducted in collaboration with Defense Criminal Investigative Service and the Naval Criminal Investigative Service.

Divine Imaging to Pay the U.S. \$1.5 Million

On February 28, 2011, Divine Imaging, Inc., agreed to pay the United States \$1.5 million to resolve False Claims Act allegations. An investigation by the GSA OIG Headquarters Civil Recoveries Branch had revealed that Divine Imaging knowingly represented that the products it sold under government contracts were manufactured in the United States or other countries designated under the Trade Agreements Act, when they were in fact manufactured in non-designated countries, including the People's Republic of China.

Strategic Partnership with ICE to Protect Government Infrastructure Yields Results

The GSA OIG's Office of Investigations has in recent years observed a rise in the number of investigations involving the introduction of counterfeit products into the government supply chain. Such investigations often involve counterfeit software and information technology products which create a significant vulnerability for the government's infrastructure.

As reported in our previous Semiannual Report, the GSA OIG foresaw the need to better protect government purchasers from the dangers associated with the deployment of counterfeit goods, and created the Government Infrastructure Protection Initiative (GIPI) in strategic partnership with the Intellectual Property Rights Center operated by Immigration and Customs Enforcement (ICE). This unique partnership facilitates the identification of unscrupulous suppliers to more efficiently protect government buyers.

On December 17, 2010, GSA OIG and ICE Homeland Security Investigations (ICE HSI) Special Agents arrested a U.S. citizen at JFK International Airport upon his arrival in the United States on a flight from China. The arrest follows a 29 count indictment in the Eastern District of Virginia of four subjects, two of whom were Chinese nationals, which resulted from a joint investigation conducted by the GSA OIG and ICE HSI. The indictment charged various federal conspiracy, money laundering, wire fraud, immigration fraud, and intellectual property rights violations.

Previously, ICE HSI agents initiated an investigation of the group after Customs and Border Protection officers discovered counterfeit Cisco equipment being imported for ultimate sale to GSA suppliers and at least one U.S. government agency from a company based in Beijing, China. The subsequent joint investigation revealed that the vendor in the United States was a naturalized U.S. citizen from China, who was using several addresses in northern Virginia to conduct business. A search warrant executed at the residence of the vendor resulted in the seizure of additional counterfeit equipment, along with

Promoting and Protecting Integrity

Significant Civil Actions and Criminal Investigations (continued)

sales invoices and various other documents. Subsequent analysis of those documents confirmed the company supplied counterfeit Cisco products directly to the government and to a number of GSA suppliers.

In connection with another counterfeit products investigation, Babak Shirazi pleaded guilty to federal trafficking in counterfeit goods violations on February 15, 2011. This pleading was the result of a joint investigation conducted by the GSA OIG, ICE and the Department of Interior OIG, which revealed that Shirazi purchased counterfeit Cisco computer parts abroad, imported them into the United States, and subsequently sold them to a GSA Multiple Award Schedule (MAS) vendor for sale. As a result of Shirazi's scheme, the vendor unwittingly sold \$27,000 of counterfeit parts to the Bureau of Land Management through GSA's MAS.

A Former Executive of a Charitable Organization Found Guilty and Sentenced, Two Other Former Executives Sentenced

On March 29, 2011, Ernesto Lopez, the former Chief Operations Officer for the National Center for the Employment of the Disabled (NCED), was sentenced to three years of incarceration and three years of supervised release, and ordered to pay \$3,829,834 in restitution. This sentence follows his October 18, 2010, conviction for federal conspiracy to make false statements and fraud violations after a jury trial in the Western District of Texas.

Previously, on February 17, 2011, Robert Jones, the former Chief Executive Officer and President of NCED, was sentenced to ten years of incarceration and five years of supervised release, and ordered to pay \$58,265,842 in restitution, for his role in the scheme to embezzle government program funds. Also on that date, Patrick Woods, a former NCED board director, was sentenced to three years in federal prison and three years of supervised release, and ordered to pay \$1,714,139 in restitution, for federal conspiracy violations stemming from his part in the scheme to embezzle federal program funds.

These sentences follow a GSA OIG investigation that revealed that between 2003 and 2006, the trio conspired

to falsely represent to the Committee for Purchase from People Who Are Blind or Severely Disabled that the NCED's handicapped workforce performed over 75 percent of government contract work, as required for NCED to secure no-bid contracts under the Javits-Wagner-O'Day Act. The defendants then converted the earnings gained through these contracts for personal use, including the purchase of two pieces of property in El Paso, Texas.

Contractor Sentenced After Bilking GSA out of \$1.8 million

On January 21, 2011, former GSA contractor Nicole Smith was sentenced by a United States District Court in the District of Columbia to 20 months of incarceration, three years of supervised release and 400 hours of community service, and ordered to pay \$1,885,650 in restitution. This sentence follows Smith's October 28, 2010, guilty plea to one count of theft of government property stemming from the creation of fraudulent task orders to her company, NTT Consulting, LLC.

GSA OIG began investigating Smith after receiving a Hotline allegation that she was using her access to GSA facilities and computer systems to write fraudulent contracts and defraud the Agency. The investigation revealed that Smith began using her position and access to GSA controlled databases in 2004 to create fictitious task orders (which she tied to legitimate task orders) to fraudulently bill GSA for services totaling \$1,885,650.

Former GSA Contractors Sentenced for Conspiracy to Defraud the Government

On January 7, 2011, Jeffrey Blake, former owner of M & A Supply, was sentenced to 14 months in federal prison followed by three years of federal probation for his role in a conspiracy to commit fraud against the government through an M & A Supply GSA schedule contract. Blake's sentencing followed the November 5, 2010, sentencing of Michael Morand, a former independent contractor for M & A Supply, to five years of federal probation for his role in the false claims conspiracy. Both defendants were also ordered to pay joint restitution in the amount of

Promoting and Protecting Integrity

Significant Civil Actions and Criminal Investigations (continued)

\$225,213 to the government. The sentencing was based upon previous guilty pleas of both defendants for their role in a conspiracy to submit false freight invoices related to a GSA schedule contract. The joint GSA OIG and Defense Criminal Investigative Service investigation identified numerous questionable invoices for products sold to the government, including the false freight invoices for shipping those products.

IT Vendor Sentenced for Providing False Specification and Country of Origin Information in Conjunction with Sale of its Products

On January 10, 2011, Alan Shad, the owner of Rugged Notebooks, was sentenced to two 12-month terms of concurrent probation, a fine of \$3,600 (\$1,800 per count), and a special assessment fee of \$100. The sentence resulted from a joint investigation conducted by GSA OIG, the Defense Criminal Investigative Service, and the Air Force Office of Special Investigations, which revealed that Shad and his employees at Rugged Notebooks falsified the country of origin information for the laptops his company sold to the government through the GSA schedule. Shad and his company also misrepresented the specification data for some of those laptops they sold. On November 10, 2010, the U.S. Air Force debarred Shad and Rugged Notebooks from conducting business with the Government for five years.

Nortel Networks Corporation and Nortel Networks, Ltd., Debarred as the Result of Cooperative Effort with SEC

On December 9, 2010, the GSA Office of Acquisition Integrity issued a Notice of Debarment to Nortel Networks Corporation and Nortel Networks, Ltd. (collectively "Nortel"), for the time period of December 9, 2010 through October 12, 2013. At the time of the debarment, GSA had existing contracts with Nortel under the General Purpose Commercial Information Technology Equipment, Software, and Services contracts, a Financial and Business Solutions (FABS) contract; and a Mission Oriented Business Integrated Services (MOBIS) contract. The debarment was initiated when the GSA OIG received information that Nortel paid \$35 million to the U.S. Government to settle a lawsuit filed by the Securities and

Exchange Commission alleging that the company engaged in accounting fraud between 2000 and 2003.

CBP Officer Debarred After Conviction for Alien Smuggling and Bribery

On November 5, 2010, Jose Carmello Magana, a former Customs and Border Protection officer, was debarred from doing business with the Government for four years by the ICE Suspension and Debarment Official. GSA OIG has also begun exclusion proceedings against Magana on the basis of his guilty plea to federal alien smuggling and bribery charges, for which he was sentenced to 37 months of incarceration, three years of supervised release, and payment of a \$4,000 fine.

Former Commander of AFMSA Pleads Guilty to Misprision of Felony

On January 27, 2011, the United States Attorney's Office for the Western District of Texas filed an information that charged Sidney Brandler with misprision of a felony. Under the terms of the previously arranged plea agreement, Brandler immediately pleaded guilty to the charge. This plea follows an investigation that was previously initiated based upon a GSA OIG audit of GSA's Federal Technology Service Client Support Centers which disclosed irregularities that were referred to the Office of Investigations for review. The ensuing investigation, conducted in conjunction with the U.S. Air Force's Office of Special Investigations, revealed that Brandler served as the former commander of the Air Force Medical Support Agency and held a financial interest in EDI, a pass-through company. Brandler's business partner was the contract program manager responsible for making the recommendation of companies to which GSA should award task orders.

Conspirator Sentenced for Role in Television Theft

On February 22, 2011, Colin Michael Fry pleaded guilty to federal theft violations and was subsequently sentenced to three years of probation and ordered to pay the government restitution of \$3,500 and a special assessment of \$100. The sentence resulted from a plea agreement in which Fry pleaded guilty to the theft

Promoting and Protecting Integrity

Significant Civil Actions and Criminal Investigations (continued)

violation after a joint investigation by the GSA OIG and the Federal Protective Service revealed he and two others were responsible for the theft of numerous plasma televisions from the Chet Holifield Federal Building in Laguna Niguel, California. The prosecution of Fry's two co-conspirators is pending.

Motor Pool Contractor and Husband Charged in Scheme to Defraud Government of \$300,000

On February 16, 2011, the GSA OIG and FBI Special Agents arrested a U.S. Army contractor who worked at Fort Monroe in Hampton, Virginia, on charges of federal wire fraud, conspiracy to commit wire fraud, theft, and false statements, for which the contractor and her husband had been indicted on February 7, 2011. These enforcement actions were the result of a proactive GSA OIG investigation that identified numerous suspicious purchases made at gas stations in the Hampton, Virginia, area. Analysis of those purchases led to the identification and arrest of the contractor's husband on June 22, 2010, after agents observed him using multiple Wright Express (WEX) credit cards to fuel non-government vehicles. As the result of the arrest, investigators seized four WEX credit cards which were traced back to his wife, who was in control of the vehicle credit cards in the Fort Monroe Motor Pool office. The estimated fraud loss in this case is approximately \$298,780.

Fleet Card Fraud Investigation Reveals Overtime Fraud

On December 20, 2010, Ross Kelly, former Amtrak Track Inspector, pleaded guilty to federal theft violations and was sentenced to six weeks of home detention with electronic monitoring and two years of probation, and ordered to pay \$8,000 in restitution, for his fraudulent use of a government WEX credit card that was assigned to Amtrak. This conviction was a result of a joint GSA OIG and Amtrak OIG investigation that disclosed Kelly used the GSA WEX credit card assigned to his Amtrak vehicle to fraudulently purchase over \$2,000 worth of fuel for his personal vehicle. The investigation also revealed that Kelly had fraudulently claimed overtime that was never actually worked. The restitution ordered by the court included the WEX credit card fraud as well as Kelly's overtime fraud.

Guilty Plea in Fleet Card Investigation

On February 9, 2011, Chaz Mathis pleaded guilty to federal theft and aiding and abetting violations after a GSA OIG investigation revealed his fraudulent use of a government WEX credit card assigned to the U.S. Navy Earle Naval Weapons Station in Colts Neck, New Jersey. Mathis is scheduled to be sentenced in May 2011.

Staff Sergeant Demoted Two Grades for Improper Use of Army Fleet Card

On January 21, 2011, U.S. Army Staff Sergeant Vincent Dotson, assigned to Fort Hunter Liggett in California, pleaded guilty to Uniform Code of Military Justice theft violations after a general court martial. Dotson was sentenced to a reduction in grade from E-6 to E-4 and ordered to forfeit \$7,200 in pay and pay the GSA \$1,500 in restitution. This sentence resulted from a joint investigation by the GSA OIG and the U.S. Army Criminal Investigation Division that revealed Dotson misused a Government vehicle and the corresponding GSA Fleet WEX credit card over an extended period of time, causing a loss to the Government of approximately \$8,800.

Contractor for United States Army Sentenced for Wright Express Credit Card Fraud

On November 16, 2010, Stephen Hunter, a civilian United States Army contract worker employed at the Fort McPherson and Fort Gillem military bases, was sentenced to six months in jail, two years of probation, a \$200 fine, and \$168.28 in restitution after pleading guilty to three felony counts of financial transaction card fraud under Georgia law. The sentence is the result of a GSA OIG investigation into the fraudulent use of multiple WEX credit cards assigned to GSA vehicles at Fort McPherson and Fort Gillem. The investigation revealed that Hunter was using multiple WEX credit cards at various gas stations throughout the Atlanta metropolitan area to fuel personal vehicles. Hunter gained access to the credit cards at the military bases through his employment as a contractor employee.

National Park Service Employee Charged in Fleet Card Fraud

On January 11, 2011, a National Park Service (NPS) maintenance worker pleaded guilty to federal theft

Promoting and Protecting Integrity

Significant Civil Actions and Criminal Investigations (continued)

violations. Previously, on November 4, 2010, the United States Attorney's Office filed an information in the U.S. District Court of Massachusetts charging the NPS employee with federal theft violations. The filing was the result of a GSA OIG investigation that was initiated after GSA Fleet Management identified several suspicious WEX fleet credit card transactions. Subsequent investigation revealed the WEX credit cards were used by the NPS employee to unlawfully purchase fuel for several privately owned vehicles. The employee was interviewed and admitted to making the purchases. The investigation determined the employee made over \$10,000 in unauthorized purchases since 2000.

Fort Bragg Contractor Employee Arrested for Fraudulent use of Wright Express Credit Card

On October 13, 2010, a civilian contractor employee that worked for the United States Army at Fort Bragg was arrested while using a WEX fleet credit card to fuel privately owned vehicles. The contractor was charged with felony financial card theft and fraud violations under North Carolina law in the Superior Court of Cumberland County. Subsequent interviews yielded his admission to using the credit cards to fuel privately owned vehicles for several acquaintances and strangers in exchange for cash. The investigation leading to this enforcement action was initiated after it was reported that multiple same-day purchases of gasoline were being made on two WEX credit cards assigned to GSA vehicles at Fort Bragg, North Carolina. The subsequent GSA OIG investigation captured videos of the individual using the WEX cards to purchase fuel for several privately owned vehicles at gas stations in Fayetteville, North Carolina.

GSA OIG Expands American Cultural Property Recovery Efforts

GSA is the custodian of the many works of art produced through the Works Progress Administration (WPA). Since the United States commissioned countless pieces of art during the New Deal era, many precious historical pieces have unlawfully made their way into the marketplace and collectors' hands. The OIG continued to work closely with the Public Buildings Service's Fine Arts Program (FAP) Office to identify and recover lost and stolen American cultural property produced at government expense during the New Deal era.

To this end, the GSA OIG continued its campaign to more widely publicize our recovery efforts, and was featured in several print articles, a D.C. area cable news program interview of Inspector General Brian D. Miller, and the release of a GSA-produced video documentary detailing our efforts, entitled *Returning America's Art to America*. This documentary earned a Telly Award in the government relations category. Further, the Public Television program, *The Antiques Road Show* filmed a segment concerning our recovery efforts that will be aired sometime during the summer of 2011. As a direct result of our outreach efforts, the GSA OIG has observed an increase in the numbers of reports relating to WPA artwork improperly remaining in public hands.

On November 23, 2010, the GSA Fine Arts Program Office received the WPA era painting *Before the Storm*. This recovery began in June 2010 after the GSA OIG received information that the painting was being auctioned on eBay.com with a "buy it now" price of \$30,000. The listing contained photographs and descriptions of Federal Works Agency labels and markings. GSA OIG agents subsequently contacted eBay and the auction was terminated. The painting was returned to the government in October 2010.



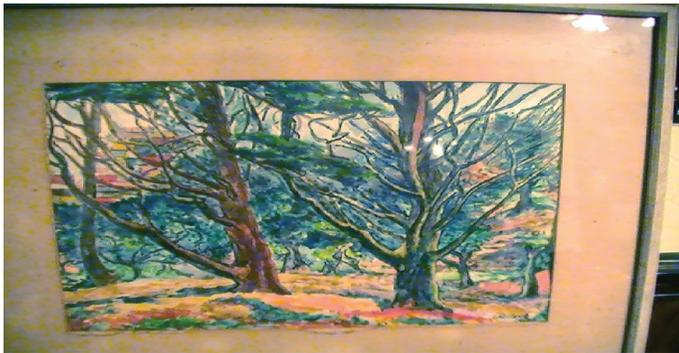
"Before the Storm"

On December 29, 2010, the GSA OIG was contacted by a citizen from Salinas, California, and asked to verify the status of a watercolor painting that had been in her

Promoting and Protecting Integrity

Significant Civil Actions and Criminal Investigations (continued)

possession for 11 years. A GSA OIG special agent subsequently verified that the painting was the watercolor, *Trees, Golden Gate Park* by artist John Holland. The GSA OIG negotiated its return to the care and custody of the government. It has an approximate value of \$1,200 and carries a significant historic value.



Trees, Golden Gate Park

On January 27, 2011, 11 pieces of WPA-era American cultural property were returned to the care and custody of the Government from a library in Highland Park, Michigan, to which these pieces were on loan. The GSA OIG special agents met with representatives from the city and negotiated temporary return of the artwork, which will be cataloged and conserved by the FAP. The pieces include: *Gretel*, Wood Carving by F. Crauwels; *Heidi*, Wood Carving by F. Crauwels; *Peter Pan*, Wood Carving by F. Crauwels; *Robin Hood*, Wood Carving by F. Crauwels; *Tiny Tim*, Wood Carving by F. Crauwels; *Walt Whitman*, Etching by Leo A. McMillian; *Woods*, Watercolor by David Fredenthal; *Autumn*, Watercolor by David Fredenthal; *La Bella Donna*, Oil on Canvas by F.H. Hayword; *Boy on Horse* – artist unknown; and *Doves*, Figurine by Howard Whelan.

Suspension and Debarment Initiative

GSA has a responsibility to ascertain whether the people or companies it does business with are eligible to participate in federally-assisted programs and procurements, and that they are not considered “excluded parties.” Excluded parties are individuals and companies debarred, suspended, proposed for debarment, or declared ineligible to receive contracts by

a federal agency. The Federal Acquisition Regulation authorizes an agency to suspend or debar individuals or companies for the commission of any offense indicating a lack of business integrity or business honesty that directly affects the present responsibility of a government contractor or subcontractor. The OIG has made it a priority to process and forward referrals to GSA, so GSA can timely ensure that the government does not award contracts to individuals or companies that lack business integrity or honesty.

During this reporting period, the OIG made 112 referrals for consideration of suspension/debarment to the GSA Office of Acquisition Policy. GSA issued 58 suspension and debarment actions based on current and previous OIG referrals.

Integrity Awareness

The OIG presents Integrity Awareness Briefings nationwide to educate GSA employees on their responsibilities for the prevention of fraud and abuse and to reinforce employees’ roles in helping to ensure the integrity of Agency operations. This period, we presented 32 briefings attended by 287 regional and Central Office employees. These briefings explain the statutory mission of the OIG and the methods available for reporting suspected instances of wrongdoing. In addition, through case studies, the briefings make GSA employees aware of actual instances of fraud in GSA and other federal agencies and thus help to prevent their recurrence. GSA employees are the first line of defense against fraud, abuse, and mismanagement. They are a valuable source of successful investigative information.

Hotline

The OIG Hotline provides an avenue for employees and other concerned citizens to report suspected wrongdoing. Hotline posters located in GSA-controlled buildings encourage employees to use the Hotline. We also use our FraudNet Hotline platform to allow Internet reporting of suspected wrongdoing. During this reporting period, we received 1,585 Hotline contacts. Of these contacts, 219 Hotline cases were initiated. In 95 of these cases, referrals were made to GSA program officials for review and action as appropriate, 49 were referred to

Promoting and Protecting Integrity

Hotline (continued)

other Federal agencies for follow up, 69 were referred for OIG criminal/civil investigations or audits, and 6 did not warrant further review.

Inspections and Evaluations

Inspections afford a flexible mechanism for optimizing resources by utilizing a multidisciplinary staff, expanding coverage, and using alternative review methods and techniques. The inspection process evaluates, reviews, studies or analyzes the Agency's programs and activities to provide factual and analytical information, monitor compliance, measure performance, assess the efficiency and effectiveness, share best practices, and inquire into allegations of fraud, waste, abuse, and mismanagement.

During the current period, the OIG Office of Forensic Auditing reviewed the GSA Headquarters Parking Program. The review focused on the assignment of employee parking spaces used for privately owned vehicles. The review identified issues regarding compliance with the Federal Management Regulation, GSA internal policy, and Office of Management and Budget Memorandum M-07-17.

Specifically, the review identified (i) assignment of parking permits by program administrators outside of policy; (ii) undocumented modifications to parking space assignment policy and procedures; (iii) qualified carpool applicants rejected; and (iv) insufficient oversight and enforcement of parking policies and procedures.

Government-wide Policy Activities

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

Interagency Committees and Working Groups

We participated in a number of interagency committees and working groups that address government-wide issues that cut across agency lines:

- **Council of the Inspectors General on Integrity and Efficiency (CIGIE).** The IG is a member of the Investigations Committee, Professional Development Committee, and Homeland Security Roundtable.

- **Federal Audit Executive Council Contracting Committee.** The Assistant Inspector General for Auditing and the Deputy Assistant Inspector General, Acquisition Programs Audit Office, participate in the Federal Audit Executive Council Contracting Committee, created in December 2007. This Committee provides a forum to share information about and coordinate reviews of significant contracting and procurement issues of interest to the IG community and the Federal Government as a whole. The Committee also develops and recommends best practices to be used by IGs in addressing contracting issues.

- **Recovery Accountability and Transparency Board Working Group (Recovery Working Group): Public/Private Sector Outreach Committee** The U.S. Department of Justice's Financial Fraud Enforcement Task Force and its Recovery Act Procurement Fraud Working Group aim to collaborate efforts across the federal government and with state and local partners to investigate and prosecute significant financial crimes and to address financial discrimination in the lending and financial markets. Involving local and state governments, as well as the private sector, will expand the Working Group's ability to bring important perspectives to the challenges of fighting fraud.

GSA Inspector General Brian Miller and Department of the Treasury Inspector General Eric Thorson co-chair the Working Group's Public/Private Sector Outreach Committee, which enlists participation by private sector and public sector stakeholders in collective efforts to prevent fraud more effectively in government procurement.

This reporting period saw the addition of new state and local officials and private sector individuals to the Committee's expanding network through regional outreach discussions and meetings of the Association of Inspectors General, National Contract Management Association, and local "STOP Fraud Task Force" members.

The GSA OIG has initiated a quarterly report of criminal convictions and civil settlements involving individuals and companies doing business with GSA, making them eligible for suspension and debarment from federal contracts. Committee network partners are encouraged to share their data to increase the odds of uncovering and deterring fraudulent behavior government-wide. The GSA OIG has also developed an interactive map promoting state and local fraud databases.

- **Regional Procurement Fraud Working Group.** The Special Agent in Charge and the Regional Inspector General for Auditing in our Heartland Region Office participate in the quarterly meetings of the Western District of Missouri and Kansas Regional Procurement Fraud Working Group. The goal of the Working Group is to detect, prevent, and prosecute procurement fraud. The meetings are chaired by the Chief of the Fraud and Corruption Unit of the U.S. Attorney's Office for the Western District of Missouri, and attended by investigators, agents, and auditors from various federal government agencies. Members of this group include representatives from the Department of Justice, the

Government-wide Policy Activities

Interagency Committees and Working Groups (continued)

Regional Field Office of the Federal Bureau of Investigation, and the Region's Offices of Inspectors General. In addition to improving contact between agencies and the U.S. Attorneys' Offices, these meetings have resulted in innovative methods to identify and prosecute fraud, and have resulted in the development of collaborative cases between different government agencies.

- **TeamMate Technical Support Group.** Our TeamMate Technical Support Group participates in the TeamMate Federal Users Group and the CCH TeamMate Users Group to discuss concerns and new challenges facing TeamMate users. TeamMate is an automated audit workpaper management system that strengthens the audit process and increases the efficiency of our auditors.
- **Interagency Fraud and Risk Data Mining Group (IFRDMG).** The IFRDMG collaborates the efforts of investigators and auditors across the federal Inspector General community for the purpose of sharing best practices and evaluating the latest data mining and risk modeling tools and techniques to detect emerging risks and patterns.

Legislation, Regulations, and Subpoenas

During this reporting period, the OIG reviewed legislative matters and proposed regulations as well as commented on agency directives. We also responded to requests from Congressional members on behalf of their constituents. Additionally, we issued 36 subpoenas in support of our

audit, inspection, evaluative, and investigative work. The OIG also made substantive comments on several proposed laws and regulations.

On February 1, 2011, the Inspector General testified before the Ad Hoc Subcommittee on Contracting Oversight of the Senate Committee on Homeland Security and Governmental Affairs about contract audits. This hearing examined how federal agencies use contract audits to detect and prevent waste, fraud, and abuse in government contracts. In particular, the hearing reviewed the findings of the Subcommittee's ongoing investigation of the type and number of contract audits at federal agencies. The hearing also examined the role played by the Defense Contract Audit Agency (DCAA) in performing contract audits for agencies other than the Department of Defense.

On March 1, 2011, the Inspector General testified before the Ad Hoc Subcommittee on Contracting Oversight of the Senate Committee on Homeland Security and Governmental Affairs about a Bannister Federal Complex public relations contract. This hearing examined contracts for public relations services at GSA and other federal agencies. In particular, the hearing reviewed findings from the OIG's February 18, 2011, audit memorandum regarding contracts valued at \$235,000 that were awarded to Jane Mobley Associates, Inc. (JMA) to assist GSA with responding to media and government agency investigations related to the environmental and health concerns at the Bannister Federal Complex in Kansas City. The hearing also reviewed the results of the Subcommittee's ongoing investigation into the JMA contract.

Professional Assistance Services

Government Auditing Standards prohibit federal audit organizations (such as the OIG's Office of Audits) from performing certain types of management consulting projects because participation in such projects could impair the auditor's independence when performing subsequent audit work in the same area. To ensure compliance with the standards, we carefully assess our services when working closely with GSA management on non-audit projects. As allowed for under the standards, we participate in Agency improvement task forces, committees, and working groups in an observer or advisor capacity.

Task Forces, Committees, and Working Groups

The OIG provides advice and counsel to GSA while monitoring ongoing Agency initiatives. Our representatives advise management of potential problems at the earliest possible opportunity. Our purpose is to help ensure that appropriate management controls are in place when installing new, or modifying existing, Agency systems, and to offer possible solutions when addressing complex financial and operational issues.

Our participation with the Agency on task forces, committees, and working groups—typically as nonvoting advisory members—allows us to contribute our expertise and advice, while improving our familiarity with the Agency's rapidly changing systems. However, the nature of our involvement does not preclude our ability to independently audit and review Agency programs.

During this period we were involved with:

- **The Multiple Award Schedule Working Group.** This group was established as a result of an OIG report released in August 2001 on Multiple Award Schedule (MAS) pricing practices. Its membership is primarily comprised of representatives from the Federal Acquisition Service (FAS) and the OIG, along with representatives from the Office of the Chief Acquisition Officer and ad hoc members from other GSA components. It serves as an effective communications channel for both broad policy issues and specific matters having to do with particular contracts or reviews. The Working Group has focused on OIG preaward attestation engagements, as well as MAS negotiations issues. It has also developed guidance to MAS contracting officers (COs) regarding how best to use our attestation engagements. Further, it has reinvigorated the process by which FAS and the OIG collaboratively select and commence preaward attestation engagements of vendors, and has built into this process a specific mechanism to allow COs to

request reviews of individual vendors. It also focuses on issuing guidance to COs regarding negotiation objectives and how to handle discrete MAS negotiation issues. The Working Group also provided input to FAS to support its efforts to upgrade and enhance pricing performance measures on MAS contracts.

Evaluation & Analysis

- **Management Evaluations.** The OIG Office of Evaluation & Analysis (OEA) conducts operational assessments of OIG field offices and other operating components. During the reporting period, OEA began the Federal Managers Financial Integrity Act (FMFIA) five-year internal control review. OEA also assisted the OIG Office of Investigations on an internal affairs investigation during the reporting period.

- **Office of Forensic Auditing.** The Office of Forensic Auditing (Forensic Auditing) employs innovative auditing and investigative techniques to detect fraudulent or abusive conduct within Agency operations and programs. It develops evidence that meets the admissibility standards for prosecution in federal courts.

During this period, Forensic Auditing conducted operations that led to the referral of six individuals to the Office of Investigations for further examination, and referred an additional individual to the Department of Labor OIG for further examination. Forensic Auditing issued an advisory memorandum to the Office of Audits identifying data integrity issues in the GSA transit benefits records system. Forensic Auditing also concluded a limited review of the GSA Headquarters Parking Program, initiated four proactive reviews focusing on Agency operations, and continued data mining and data analysis efforts in support of joint activities with Office of Investigations.

- **Statistical Support for OIG Audits and Investigations.** The Office of Evaluation & Analysis continued to provide assistance in statistical sampling and data analysis to the OIG auditors and investigators. Effort

Professional Assistance Services

Evaluation & Analysis (continued)

was directed to the development of standardized data analysis protocols for the review of regional office investigative and audit units. Historical operational and performance data from across the regional offices were assembled to produce integrated assessments in support of field reviews. As needed during this period, OEA applied statistical methods to a variety of areas of concern including assessments of the quality and completeness of procurement data, suspension and debarment data, and small business data. Sampling

and sample designs were also developed focusing on topics ranging from pricing to discounts received for purchases. A sample of procurement transactions was also designed for use by a U.S. Attorney's Office as a part of litigation involving a major federal contractor. In addition, OEA statistical staff has served as consultants to an examination of "green" initiatives, particularly focusing on usage of fleet vehicles, and has provided assistance in responding to information and congressional requests.

Statistical Summary of OIG Accomplishments

Reports Issued

The OIG issued 58 reports. The 58 reports contained financial recommendations totaling \$173,184,658 including \$157,393,262 in recommendations that funds be put to better use and \$15,791,396 in questioned costs. Due to GSA's mission of negotiating contracts for government-wide supplies and services, most of the savings from recommendations that funds be put to better use would be applicable to other Federal agencies.

well as the status of those reports as of March 31, 2011. Table 1 does not include one implementation review that was issued during this period because they are excluded from the management decision process. Table 1 also does not include three reports excluded from the management decision process because they pertain to ongoing investigations. Furthermore, this table does not include \$93.5 million in cost recoveries resulting from a settlement agreement with Verizon.

Management Decisions on Reports

Table 1 summarizes the status of the universe of reports requiring management decisions during this period, as

Table 1. Management Decisions on OIG Reports

	Number of Reports	Reports with Financial Recommendations*	Total Financial Recommendations
For which no management decision had been made as of 10/01/2010			
Less than six months old	23	11	\$162,092,437
Six or more months old	0	0	\$0
Reports issued this period	<u>57</u>	<u>30</u>	<u>\$173,184,658</u>
TOTAL	80	41	\$335,277,095
For which a management decision was made during the reporting period			
– Issued prior periods	23	11	\$162,092,437
– Issued current period	<u>37</u>	<u>22</u>	<u>\$142,689,297</u>
TOTAL	60	33	\$304,781,734
For which no management decision had been made as of 03/31/2011			
Less than six months old	20	8	\$30,495,361
Six or more months old	<u>0</u>	<u>0</u>	<u>\$0</u>
TOTAL	20	8	\$30,495,361

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

Statistical Summary of OIG Accomplishments

Management Decisions on Reports with Financial Recommendations

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

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

	<u>Number of Reports</u>	<u>Financial Recommendations</u>
For which no management decision had been made as of 10/01/2010		
Less than six months old	8	\$160,863,692
Six or more months old	0	\$0
Reports issued this period	<u>21</u>	<u>\$157,393,262</u>
TOTAL	29	\$318,256,954
For which a management decision was made during the reporting period		
Recommendations agreed to by management based on proposed		
– management action	21	\$286,090,624
– legislative action		
Recommendations not agreed to by management	<u>2</u>	<u>\$1,919,906</u>
TOTAL	23	\$288,010,530
For which no management decision had been made as of 03/31/2011		
Less than six months old	6	\$30,246,424
Six or more months old	<u>0</u>	<u>\$0</u>
TOTAL	6	\$30,246,424

Statistical Summary of OIG Accomplishments

Table 3. Management Decisions on OIG Reports with Questioned Costs

	<u>Number of Reports</u>	<u>Questioned Costs</u>
For which no management decision had been made as of 10/01/2010		
Less than six months old	4	\$1,228,745
Six or more months old	0	\$0
Reports issued this period	<u>18</u>	<u>\$15,791,396</u>
TOTAL	22	\$17,020,141
For which a management decision was made during the reporting period		
Disallowed costs	19	\$16,771,204 *
Costs not disallowed	<u>0</u>	<u>\$0</u>
TOTAL	19	\$16,771,204
For which no management decision had been made as of 03/31/2011		
Less than six months old	3	\$248,937
Six or more months old	<u>0</u>	<u>\$0</u>
TOTAL	3	\$248,937
*This total includes \$6.25 million that is also included in Table 5, Criminal and Civil Recoveries, due to a joint audit and investigative effort.		

Statistical Summary of OIG Accomplishments

Investigative Workload

The OIG opened 137 investigative cases and closed 122 cases during this period. In addition, the OIG received and evaluated 59 complaints and allegations from sources other than the Hotline that involved GSA employees and programs. Based upon our analyses of these complaints and allegations, OIG investigations were not warranted.

Referrals

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

GSA employees, contractors, or private individuals doing business with the government.

During this period, the OIG also made 19 referrals to GSA officials for information purposes only.

Actions on OIG Referrals

Based on these and prior referrals, 39 cases (68 subjects) were accepted for criminal prosecution and 9 cases (13 subjects) were accepted for civil litigation. Criminal cases originating from OIG referrals resulted in 36 indictments/informations and 25 successful prosecutions. OIG civil referrals resulted in 18 case settlements. Based on OIG administrative referrals, management debarred 23 contractors/individuals, suspended 35 contractors/individuals, and took 14 personnel actions against employees.

Table 4. Summary of OIG Referrals

Type of Referral	Cases	Subjects
Criminal	54	107
Civil	18	22
Administrative	95	123
Suspension	18	42
Debarment	32	70
TOTAL	217	364

Statistical Summary of OIG Accomplishments

Monetary Results

Table 5 presents the amounts of fines, penalties, settlements, recoveries, forfeitures, judgments, and restitutions payable to the U.S. Government as a result

of criminal and civil actions arising from OIG referrals.

Table 6 presents the amount of administrative recoveries and forfeitures as a result of investigative activities.

Table 5. Criminal and Civil Recoveries

	Criminal	Civil
Fines and Penalties	\$1,036,541	
Settlements		\$173,111,207
Recoveries		
Forfeitures		
Seizures	\$46	
Restitutions	\$65,527,921	
TOTAL	\$66,564,508	\$173,111,207

Table 6. Other Monetary Results

Administrative Recoveries	\$6,272,011	
Forfeitures	0	
TOTAL	\$6,272,011	

APPENDIXES

Appendix I—Significant Audits from Prior Reports

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

Nineteen audits identified in prior reports to the Congress have not yet been fully implemented; these audits are being implemented in accordance with currently established milestones.

GSA's Suspension and Debarment Process

Period First Reported: April 1, 2010 to September 30, 2010

This was a follow-up of the review we completed in 2007 entitled "Review of GSA's Suspension and Debarment Program (Report Number A070105/O/A/F08004)." The objective of this review was to determine the extent to which the Center for Suspension and Debarment is effective in processing suspension and debarment case referrals. The report contained four recommendations, which have not been implemented.

The recommendations involve maintaining adequate staffing for the suspension and debarment function; establishing a performance measure(s) for timeliness in processing case referrals; uploading documentation for all EPLS actions into the case management system; and having direct access to resources that enables the Center to efficiently obtain information required for documentation purposes and increases efforts to proactively obtain information for potential case referrals. They are scheduled for completion by July 15, 2011.

GSA's Acquisition of Services for the International Trade Center at the Ronald Reagan Building

Period First Reported: April 1, 2010 to September 30, 2010

The audit objective was to assess whether the extensive changes to the contract should have been made, with particular attention given to the potential procurement irregularities. The report contained four recommendations; one has not been implemented.

The remaining recommendation involves correcting the type of contracting and oversight deficiencies identified in this report for current and future contract actions. It is scheduled for completion by May 15, 2011.

Federal Acquisition Service's Client Support Centers (CSCs)

Period First Reported: April 1, 2010 to September 30, 2010

This was a joint review of the Inspectors General of the General Services Administration (GSA) and the Department of Defense (DoD). The objective was to determine whether GSA is compliant with defense procurement requirements that focused on procurement transactions processed by the CSCs located in the Mid-Atlantic, Southeast Sunbelt, Greater Southwest, Pacific Rim, and National Capital regions. The report contained three recommendations; one has not been implemented.

The remaining recommendation involves increasing oversight and monitoring of task order award and administration actions. It is scheduled for completion by September 15, 2011.

Controls within FAS's Office of Infrastructure Optimization - HSPD-12

Period First Reported: April 1, 2010 to September 30, 2010

The objective of the review was to determine if HSPD-12 program procurement activities are compliant with federal procurement regulations. The report contained two recommendations; one has not been implemented.

The remaining recommendation involves the Managed Service Office (MSO) continuing its on-going efforts for the recomplete of its HSPD-12 contract. These efforts should include consideration of contract structures (direct-buy, direct-bill, or similar) and/or business processes that remove the MSO from a fund management or customer billing role. It is scheduled for completion by April 15, 2011.

Appendix I—Significant Audits from Prior Reports

GSA's Fiscal Year 2009 Direct Pay Purchases

Period First Reported: April 1, 2010 to September 30, 2010

The objective of the audit was to determine if fiscal year 2009 direct pay purchases were processed in compliance with OCFO policy and the Prompt Payment Act. The report contained three recommendations; one has not been implemented.

The remaining recommendation involves implementing controls in Pegasys to prevent a single individual from holding three Pegasys role-holder positions to authorize direct pay purchases management or customer billing role. It is scheduled for completion by May 15, 2011.

Recovery Act Report – 50 UN Plaza Renovation Project

Period First Reported: April 1, 2010 to September 30, 2010

The objective of the review was to determine if PBS is planning, awarding, and administering contracts for major construction and modernization projects in accordance with prescribed criteria and Recovery Act mandates. The report contained two recommendations, which have not been implemented.

The recommendations involve PBS considering holding a competition for the Construction Phase Services of this project rather than using sole source procurement, and PBS ensuring that all policies, rules, and regulations for sole source contracts are followed if a competition is not held. They are scheduled for completion by August 15, 2011.

Multiple Award Schedule Vendors' Invoicing Practices Relative to Prompt-Payment Discounts

Period First Reported: October 1, 2009 to March 31, 2010

The objective of the audit was to determine the extent to which the Government may be at risk of losing Prompt Payment Discount (PPD) savings as the result of Multiple Award Schedule (MAS) vendors citing incorrect payment terms on their invoices. The report contained seven recommendations; three have not been implemented.

The remaining recommendations involve the Federal Acquisition Service seeking recoveries, when economical, advisable, and feasible from MAS vendors when there is a failure to cite contractual PPD terms on invoices; issuing guidance in the form of an Instructional Letter or Procurement Information Notice (PIN) on corrective actions contracting officers may take when MAS vendor invoicing discrepancies are reported by the Industrial Operations Analysts (IOAs) via Contractor Assistance Visits (CAV) reports or by any other means; and taking a formal position as to whether ordering activities can or cannot negotiate away PPDs. They are scheduled for completion by August 15, 2011.

Opportunities Exist to Improve GSA's Implementation of the E2 Travel System

Period First Reported: October 1, 2009 to March 31, 2010

The objective of the audit was to determine whether GSA's implementation of the E2 system is effectively and efficiently meeting management and user needs, including program and financial requirements, and the achievement of intended goals and benefits for an e-Government travel management system. The report contained two recommendations, which have not been implemented.

The recommendations involve the Chief Financial Officer taking the necessary actions to improve system usability and controls for system operations across GSA. They are scheduled for completion by September 15, 2011.

GSA's Fiscal Year 2009 Financial Statements

Period First Reported: October 1, 2009 to March 31, 2010

The objective of the audit was to provide a report on internal controls over financial reporting including safeguarding assets and compliance with laws and regulations, and if necessary, to report instances in which GSA's financial management systems did not substantially comply with the requirements of the Federal Financial Management Improvement Act of 1996. The report contained 85 recommendations; 4 have not been fully implemented.

The remaining recommendations involve the Chief Financial Officer working with other Agency officials to:

Appendix I—Significant Audits from Prior Reports

develop and implement a process to review and document a periodic review of PBS portal audit logs identifying access violations; mitigate configuration management weaknesses; update web server to restrict arbitrary HTML/Code to address cross-site scripting issues; and strengthen the effectiveness of OCFO policies and FAS monitoring obligations, including year-end cut-off procedures to reserve outstanding obligations related to minimum revenue guarantees as of September 30, 2009 for the WAN Program. They are scheduled for completion by May 15, 2012.

PBS's Controls over Security of Building Information in Online Environments

Period First Reported: October 1, 2009 to March 31, 2010

The objective of the audit was to determine if PBS has implemented managerial, physical, and technical controls to effectively mitigate risks inherent to sensitive but unclassified building information in online systems. The report contained two recommendations, which have not been implemented.

The recommendations involve PBS working within the framework of the GSA Office of the Chief Information Officer security program to develop and implement a security strategy for e-PM applications; and developing and conducting additional security awareness training for project management and contracting personnel, especially to those with significant security responsibilities. They are scheduled for completion by August 15, 2011.

Recovery Act Report – Austin Courthouse Project

Period First Reported: October 1, 2009 to March 31, 2010

The objective of the audit was to determine if PBS is planning, awarding, and administering contracts for major construction and modernization projects in accordance with prescribed criteria and Recovery Act mandates. The report contained two recommendations; one has not been implemented.

The remaining recommendation involves PBS taking action to correct the infirmities in the award of the option for Construction Phase Services for the Austin Courthouse Project. It is scheduled for completion by August 15, 2011.

Consistency in Implementing Policy Across Acquisition Centers

Period First Reported: April 1, 2009 to September 30, 2009

The objectives of the audit were to determine if policy and related guidance for the Multiple Award Schedule (MAS) Program are being implemented effectively by the Acquisition Centers (Centers), and to identify best practices for use by the Centers. The objectives were further narrowed to focus on pricing, including rate escalation and price adjustment. The report contained four recommendations. Three have not been implemented.

The remaining recommendations involve developing and implementing policy and training for acquisition personnel on a number of subjects, including most favored customer pricing, the use of cost analyses, and the use of volume discounting during negotiations; assessing the viability of developing or establishing resources at the national level to support contracting officers in all Centers; and ensuring the accuracy of contract information published in GSA Advantage. They are scheduled for completion by December 15, 2011.

Performance Measurement Improvements for the MAS Program

Period First Reported: April 1, 2009 to September 30, 2009

The objective of the audit was to determine if the Federal Acquisition Service (FAS) has performance measures for MAS contracting officers that stress the importance of contract quality, including pricing, and if not, to identify potential performance measures FAS could implement to ensure that MAS contracts reflect the intent and goals of the Schedules program. The report contained three recommendations, which have not been implemented.

Two recommendations involve the development of organizational measures emphasizing the importance of pricing to the Schedules program, and price analysis for risk-based sample of proposed awards or modifications for FY 2010 and future scorecards. The third recommendation focuses on the establishment of an internal review program that can quantifiably assess whether MAS contracts meet requirements for quality in terms of compliance with laws, regulations and guidelines. They are scheduled for completion by November 15, 2011.

Appendix I—Significant Audits from Prior Reports

Unnecessary Duplication within the Office of General Supplies and Services

Period First Reported: April 1, 2009 to September 30, 2009

The audit objective was to determine if unnecessary duplication exists within Global Supply Service (GSS), with a specific focus on OMB's assertion that unnecessary duplication exists between GSS and MAS. The report contained five recommendations; one has not been implemented.

The remaining recommendation involves submitting a formal Federal Procurement Data System change request to resolve the issue that requires GSS to award separate MAS contracts for small business set-asides. It is scheduled for completion by July 15, 2011.

Management Controls over the Lease Prospectus Process

Period First Reported: April 1, 2009 to September 30, 2009

The objective of the audit was to determine if management controls are in place to provide reasonable assurance that Public Buildings Service's (PBS) leasing transactions adhere to prospectus requirements. The report contained five recommendations; two have not been implemented.

The remaining recommendations involve establishing a consistent approach for evaluation of leasing actions for prospectus compliance and improving communication and coordination among the prospectus process participants. They are scheduled for completion by August 15, 2011.

FY 2008 Office of Inspector General FISMA Review of GSA's Information Technology Security Program

Period First Reported: April 1, 2008 to September 30, 2008

The objectives of the audit were to assess the effectiveness of controls over GSA systems and data and to address specific questions and reporting requirements identified by OMB. Four systems were reviewed, including

one contractor system, to assess implementation of GSA's IT Security Program. The report contained five recommendations; three have not been implemented.

The remaining recommendations involve working with the Office of the Chief Acquisition Officer (OCAO) to develop standard requirements and deliverables for IT service contracts and task orders that promote compliance with GSA IT Security Policy and procedures; working with OCAO and the Office of the Chief Human Capital Officer (OCHCO) to ensure consistent background investigation requirements in policies, procedures, and task orders; and expediting actions to implement encryption of mobile devices and two-factor authentications and work with the OCHCO to promptly fulfill responsibilities for implementing a comprehensive breach notification policy. They are scheduled for completion by November 15, 2011.

Improvements to the GSA Privacy Act Program Are Needed to Ensure That PII is Adequately Protected

Period First Reported: October 1, 2007 to March 31, 2008

The objectives of the audit were to determine if GSA: manages sensitive personal information in accordance with legal and regulatory requirements, including e-Government provisions for privacy controls; has implemented technical, managerial, and operational privacy-related controls to effectively mitigate risks inherent to Privacy Act systems of records; and, has established procedures and automated mechanisms to verify control efficacy. The report contained four recommendations; one has not been implemented.

The remaining recommendation involves ensuring that the Privacy Act Program is integrated with the Agency's security program. It is scheduled for completion by November 15, 2011.

Multiple Award Schedule Program Contract Workload Management

Period First Reported: April 1, 2007 to September 30, 2007

The objective of the audit was to determine if the Federal Acquisition Service was effectively managing the

Appendix I—Significant Audits from Prior Reports

workload associated with processing contract actions in the Schedules program. The report contained ten recommendations; four have not been implemented.

The remaining recommendations involve adopting a more structured approach to reduce the number of existing underutilized schedule contracts; establishing specific nationwide guidance related to Price Analysis Documentation Requirements and Negotiation Policies and Techniques for schedule contracts; establishing performance measures that evaluate (a) verification of vendor disclosures related to Commercial Sales Practice, (b) effectiveness in analyzing prices and conducting negotiations, and (c) consideration of the field pricing assistance; and developing standardized procedures for the initial screening of offers. They are scheduled for completion by April 15, 2012.

Security of GSA’s Electronic Messaging Services

Period First Reported: April 1, 2007 to September 30, 2007

The review assessed whether GSA has adequate security controls to manage risks with GSA’s Electronic Messaging Services and National Notes Infrastructure applications. The report contained seven recommendations; one has not been implemented.

The remaining recommendation involves the GSA-CIO working closely with Services/Staff Offices/Regions to inventory all GSA’s Lotus Notes databases and applications and remove those that are outdated, lack necessary controls or do not adhere to guidelines. It is scheduled for completion by March 30, 2012.

Appendix II—Audit Report Register

Date of Report	Report Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
(Note: Because some audits pertain to contract awards or actions that have not yet been completed, the financial recommendations related to these reports are not listed in this Appendix.)				
<i>PBS Internal Audits</i>				
11/08/10	A100116	Review of Health and Safety Conditions at the Bannister Federal Complex, Kansas City, Missouri		
11/09/10	A100122	FY2010 Office of Inspector General Information Technology Security Audit of the Electronic Acquisition System (EAS)/Comprizon		
11/17/10	A090172	Recovery Act Report - Richard H. Poff and Huntington Building Modernization Projects Review of PBS's Major Construction and Modernization Projects Funded by the American Recovery and Reinvestment Act of 2009		
12/22/10	A070228	Audit of the PBS National Broker Contract		
01/20/11	A100169	Review of the Greater Southwest Region Public Buildings Service Energy Savings Performance Contract Task Orders		
01/21/11	A090172	Recovery Act Report: Edith Green/Wendell Wyatt Modernization Project Review of PBS's Major Construction and Modernization Projects Funded by the American Recovery and Reinvestment Act of 2009		
02/24/11	A100095	Implementation Review of Review of Proposed Lease Payment Recoveries, Northeast and Caribbean Region, Report Number A080179/P/2/R09003, Dated July 24, 2009		
03/04/11	A090172	Recovery Act Report - Peace Arch U.S. Port of Entry Redevelopment: Construction Contract Review of PBS's Major Construction and Modernization Projects Funded by the American Recovery and Reinvestment Act of 2009		

Appendix II–Audit Report Register

Date of Report	Report Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
03/25/11	A100122	Audit of the Electronic Acquisition System (EAS)/Comprizon		
03/31/11	A090169	Recovery Act Report - Use of a Contractor Supplied ePM System for the Land Port of Entry Modernization Program		

PBS Attestation Engagements

10/12/10	A100156	Examination of a Claim: Acousti Engineering Company of Florida, Subcontractor to Dick Corporation, Contract Number GS-04P-01-EXC-0044		
01/27/11	A100213	Examination of a Claim: Cobb Mechanical Contractors, Subcontractor to Caddell Construction Company, Incorporated, Contract Number GS-07P-05-UEC-3003		
01/31/11	A100178	Examination of Construction Management Services Contract: Bovis Lend Lease LMB, Inc., Contract Number GS-02P-04-DTC-0048(NEG), Modification No. PS14		
02/02/11	A100171	Examination of a Claim: Layton Construction Company, Inc., Contract Number GS-08P-07-JFC-0016		
02/04/11	A100192	Examination of Architect and Engineering Services Contract: Thomas Phifer and Partners, LLP, Contract Number GS-02P-10-DTC-0004		

FAS Internal Audits

10/27/10	A100136	Audit Survey of the HSPD-12 Billing Process		
11/09/10	A100123	FY2010 Office of Inspector General Information Technology Security Audit of the Information Technology Solutions Shop (ITSS) System		

Appendix II—Audit Report Register

Date of Report	Report Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
03/30/11	A100190	Review of the Alliant Governmentwide Acquisition Contract		
03/31/11	A100204	Review of Consistency in Implementing Policy Across Acquisition Centers - Temporary Extensions		
03/31/11	A110072	Review of the Federal Acquisition Service's National Customer Service Center		

FAS Attestation Engagements

10/07/10	A100117	Preaward Examination of Multiple Award Schedule Contract Extension: Dun & Bradstreet, Inc., Contract Number GS-22F-9614D		
10/13/10	A100153	Preaward Examination of Multiple Award Schedule Contract Extension: Unisys Corporation, Contract Number GS-35F-0343J		\$3,934
10/27/10	A090133	Limited Scope Postaward Review of Multiple Award Schedule Contract Number GS-07F-0012J for the Period July 29, 2002 to September 9, 2008: SeaArk Marine, Inc.		\$1,130,227
10/28/10	A100184	Preaward Examination of Multiple Award Schedule Contract Extension: Thales Communications, Inc., Contract Number GS-35F-0001L		\$31,908
11/01/10	A100163	Preaward Examination of Multiple Award Schedule Contract Extension: Monaco Enterprises, Incorporated, Contract Number GS-07F-0422K		\$4,136
11/02/10	A100167	Preaward Examination of Multiple Award Schedule Contract Extension: Affordable Interior Systems, Inc., Contract Number GS-29F-0006K		\$95,428
11/09/10	A100079	Preaward Review of Multiple Award Schedule Contract Extension: Management Consulting, Inc., Contract Number GS-10F-0302K		\$35,108

Appendix II–Audit Report Register

Date of Report	Report Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
11/12/10	A100176	Preaward Examination of Multiple Award Schedule Contract Extension: Sparta, Inc., Contract Number GS-23F-0025L		\$10,747
11/16/10	A080057	Preaward Review of Multiple Award Schedule Contract Extension: The Sherwin-Williams Company, Contract Number GS-10F-0004J		\$7,580,000
11/17/10	A090223	Preaward Examination of Multiple Award Schedule Contract Extension: Alaska Structures, Incorporated, Contract Number GS-07F-0084K		
11/17/10	A100179	Preaward Examination of Multiple Award Schedule Contract Extension: TEAC Aerospace Technologies, Incorporated, Contract Number GS-24F-0043K		
11/22/10	A100195	Preaward Examination of Multiple Award Schedule Contract Extension: Knight Protective Service, Inc., Contract Number GS-07F-0266K		\$16,032
11/24/10	A100193	Postaward Audit of Multiple Award Schedule Contract Extension: The Stratix Corporation, Contract Number GS-35F-0805R		\$41,168
11/24/10	A090192	Preaward Review of Multiple Award Schedule Contract Extension: SHI International Corporation, Contract Number GS-35F-0111K		
12/09/10	A100094	Preaward Examination of Multiple Award Schedule Contract Extension: Computer Sciences Corporation, Contract Number GS-23F-0092K		\$282,035
12/14/10	A100177	Preaward Examination of Multiple Award Schedule Contract Extension: AAR Mobility Systems, Contract Number GS-07F-0065L		
12/14/10	A100201	Preaward Examination of Multiple Award Schedule Contract Extension: Government-Buys, Incorporated, Contract Number GS-35F-0122S		\$5,119

Appendix II—Audit Report Register

Date of Report	Report Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
12/16/10	A100111	Preaward Examination of Multiple Award Schedule Contract Extension: Staples, Inc., Contract Number GS-14F-0036K		
12/27/10	A100172	Preaward Examination of Multiple Award Schedule Contract Extension: New England Woodcraft, Inc., Contract Number GS-27F-0005L		\$10,850
01/27/11	A100075	Preaward Review of Multiple Award Schedule Contract Extension: Cort Business Services Corporation, Contract Number GS-28F-7018G		
01/31/11	A110022	Preaward Examination of Multiple Award Schedule Contract Extension: Cooper Notification, Inc., Contract Number GS-07F-0167L		\$45,767
02/09/11	A100219	Preaward Examination of Multiple Award Schedule Contract Extension: IntelliDyne, LLC Contract Number GS-35F-0151S		
02/15/11	A100212	Preaward Examination of Multiple Award Schedule Contract Extension: Scientific Research Corporation, Contract Number GS-23F-0125L		
02/18/11	A100181	Preaward Examination of Multiple Award Schedule Contract Extension: L. N. Curtis & Sons, Contract Number GS-07F-0043L		\$17,938
02/24/11	A100003	Preaward Review of Multiple Award Schedule Contract Extension: McLane Advanced Technologies, LLC, Contract Number GS-35F-0901P		
02/24/11	A100154	Preaward Examination of Multiple Award Schedule Contract Extension: Metro Office Products, Contract Number GS-14F-0032K		
03/09/11	A060119	Postaward Review of Multiple Award Schedule Contract: Fastenal Company, Contract Number GS-06F-0039K, for the Period August 1, 2000 Through August 31, 2006		\$6,250,000

Appendix II–Audit Report Register

Date of Report	Report Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
03/10/11	A100062	Preaward Review of Multiple Award Schedule Contract Extension: Carahsoft Technology Corporation, Contract Number GS-35F-0131R		
03/16/11	A100168	Preaward Examination of Multiple Award Schedule Contract Extension: Johnson Controls, Inc., Contract Number GS-07F-7823C		
03/24/11	A110091	Preaward Examination of Multiple Award Schedule Contract Extension: K-Con, Incorporated, Contract Number GS-07F-0216L		
03/29/11	A100114	Preaward Review of Multiple Award Schedule Contract Extension: Ahura Scientific, Inc., Contract Number GS-07F-6099R		\$123,252
03/30/11	A100145	Preaward Review of Multiple Award Schedule Contract Extension: TL Services, Inc., Contract Number GS-06F-0062R		\$107,747
03/31/11	A100155	Preaward Examination of Multiple Award Schedule Contract Extension: Systems Research and Applications Corporation, Contract Number GS-23F-0038L		

Other Internal Audits

12/08/10	A100085	FY 2010 Office of Inspector General FISMA Review of GSA's Information Technology Security Program
12/20/10	A100113	FY 2010 Office of Inspector General Information Technology Security Audit of FPDS-NG
12/20/10	A100113	FY 2010 Office of Inspector General Information Technology Security Audit of the Excluded Parties List System

Appendix II—Audit Report Register

Date of Report	Report Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
12/23/10	A100078	Audit of the General Services Administration's Fiscal Year 2010 Financial Statements		
12/28/10	A100113	FY 2010 Office of Inspector General Information Technology Security Audit of FedBizOpps		

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

Public Law 104-106 requires the head of a federal agency to complete final action on each management decision required with regard to a recommendation in an Inspector General's report within 12 months after the date of the report. If the head of the Agency fails to complete final action within the 12-month period, the Inspector General shall identify the matter in the semiannual report until final action is complete.

In GSA, the Office of the Chief Financial Officer (OCFO) is responsible for monitoring and tracking open recommendations. While we continue to assist the Agency in resolving these open items, various litigative proceedings, continuing negotiations of contract proposals, and corrective actions needed to undertake complex and phased-in implementing actions often delay timely completion of the final action.

The OCFO provided the following list of reports with action items open beyond 12 months:

Date of Report	Report Number	Title
04/30/01	A010127	Audit of Billing under Contract Number GS-06P-99-GZC-0315: DKW Construction, Inc., Contract Number GS-06P-99-GZC-0315
10/18/01	A63630	Postaward Audit of Multiple Award Schedule Contract: The Presidio Corporation, Contract Number GS-00K-95-AGS-6170
03/25/03	A030140	Limited Scope Review of Termination Claim: Science Applications International Corp., Contract Number GS-35F-4461G
10/12/05	A050105	Preaward Review of Multiple Award Schedule Contract Extension: BCOP Federal, Contract Number GS-14F-003K
04/18/06	A050122	Review of Industrial Funding Fee Remittances: Fastenal Company, Contract Number GS-06F-0039K
08/28/07	A060196	Preaward Review of Request for Equitable Adjustment: Tigard Electric, Incorporated, Contract Number GS-10P-02-LTC-0025
04/29/08	A080084	Review of Change Order Proposal for Resolution of Wage Rate: Kenmor Electrical Company, LP, Contract Number GS-07P-05-URC-5007
08/05/08	A080077	Preaward Review of Multiple Award Schedule Contract Extension: Gartner, Inc., Contract Number GS-35F-5014H
12/12/08	A080177	Preaward Review of Multiple Award Schedule Contract Extension: Tecolote Research, Incorporated, Contract Number GS-35F-5115H
12/16/08	A080185	Review of a Claim: Pacific Coast Steel, Contract Number GS-09P-02-KTC-0002
12/29/08	A090042	Postaward Audit Report on Direct Costs Incurred on Trilogy Project: Computer Sciences Corporation, Contract Number GS-00T-99-ALD-0204
01/09/09	A080220	Review of a Claim: Boyett Door and Hardware, Contract Number GS-09P-02-KTC-0002
01/20/09	A080136	Preaward Review of Multiple Award Schedule Contract Extension: Dynamic Decisions, Inc., Contract Number GS-35F-5879H
01/28/09	A090005	Preaward Review of Multiple Award Schedule Contract Extension: Intratek Computer Incorporated, Contract Number GS-35F-0178J
02/04/09	A080067	Preaward Review of Multiple Award Schedule Contract Extension: Haworth, Inc., Contract Number GS-28F-8014H

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

Date of Report	Report Number	Title
03/03/09	A080085	Preaward Review of Multiple Award Schedule Contract Extension: The HON Company, Contract Number GS-28F-8047H
03/23/09	A080212	Preaward Review of Multiple Award Schedule Contract Extension: Phillips Corporation -- Federal Division, Contract Number GS-07F-7729C
04/23/09	A080203	Preaward Review of Multiple Award Schedule Contract Extension: SimplexGrinnell LP, Contract Number GS-06F-0054N
04/27/09	A080210	Preaward Review of Multiple Award Schedule Contract Extension: immixTechnology, Inc., Contract Number GS-35F-033J
06/11/09	A080077	Limited Scope Postaward Review of Multiple Award Schedule Contract: Gartner, Inc., Contract Number GS-35F-5014H
07/08/09	A090007	Preaward Review of Multiple Award Schedule Contract Extension: Booz Allen Hamilton, Inc., Contract Number GS-35F-0306J
08/06/09	A090145	Preaward Review of Multiple Award Schedule Contract Extension: BTAS, Inc., Contract Number GS-35F-0546J
08/19/09	A090106	Preaward Review of Multiple Award Schedule Contract Extension: Perot Systems Government Services, Inc., Contract Number GS-00F-0049M
08/19/09	A080223	Preaward Review of Multiple Award Schedule Contract Extension: AT&T Corp., Contract Number GS-35F-0249J
08/20/09	A090117	Preaward Review of Multiple Award Schedule Contract Extension: Monster Government Solutions, Incorporated, Contract Number GS-02F-0010P
08/21/09	A090090	Preaward Review of Multiple Award Schedule Contract Extension: Ezenia! Inc., Contract Number GS-35F-0475P
08/21/09	A080030	Preaward Review of Multiple Award Schedule Contract: Hewlett-Packard Company, Contract Number GS-35F-4663G
08/24/09	A090131	Preaward Review of Multiple Award Schedule Contract Extension: Avid Technology, Inc., Contract Number GS-35F-0638J
08/27/09	A090228	Report on Audit of Parts of A Firm Fixed Price Proposal for Architectural and Engineering Services on the New St. Elizabeth's West Campus of the U.S. Department of Homeland Security Headquarters and Consolidated National Operations Center (NOC): Greenhorne & O'Mara, Inc., Solicitation Number GS-11P-08-MKC-0079
09/03/09	A090089	Preaward Review of Multiple Award Schedule Contract Extension: Mohawk Carpet Corporation, Lees Carpets Division, Contract Number GS-27F-0031N
09/04/09	A090254	Report on Audit of Parts of a Firm Fixed price Proposal for Architectural and Engineering Services on the New St. Elizabeth's West Campus of the U.S. Department of Homeland Security Headquarters and Consolidated National Operations Center (NOC): Greenhorne & O'Mara, Inc., Solicitation Number GS-11P-08-MKC-0080

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

Date of Report	Report Number	Title
09/04/09	A090074	Preaward Review of Multiple Award Schedule Contract Extension: TechFlow, Inc., Contract Number GS-35-0210J
09/08/09	A090217	Preaward Review of Architect/Engineering Change Order Proposal: AECOM U.S., Subcontractor to Ross Drulis Cusenbery Architecture, Incorporated, Contract Number GS-09P-03-KTC-0091
09/09/09	A090232	Report on Audit of Parts of a Firm Fixed Price Proposal for Architectural and Engineering Services on the New St. Elizabeth's West Campus of the United States Department of Homeland Security Headquarters and Consolidated National Operations Center in Washington, DC: Haley & Aldrich, Inc., Solicitation Number GS-11P-08-MKC-0079
09/09/09	A090230	Report on Audit of Parts of a Firm Fixed Price Proposal for Architectural and Engineering Services on the New St. Elizabeth's West Campus of the United States Department of Homeland Security Headquarters and Consolidated National Operations Center in Washington, DC: Goody, Clancy, and Associates, Inc., Solicitation Number GS-11P-08-MKC-0079
09/10/09	A090234	Report on Audit of Direct Labor Rates, Indirect Rates, and Other Direct Costs: HDR Architecture, Inc., Solicitation Number GS-11P-08-MKC-0079
09/11/09	A090242	Audit of Firm Fixed Price Subcontract Proposal: Olin Partnership, Solicitation Number GS-11P-08-MKC-0080
09/14/09	A090239	Audit of Shen Milsom & Wilke Proposed Subcontract to Goody Clancy Under Solicitation Number GS-11P-08-MKC-0079
09/15/09	A090233	Report on Audit of Parts of a Subcontract Proposal for HC YU and Associates, Solicitation GS-11P-08-MKC-0079
09/16/09	A090215	Preaward Review of Architect/Engineering Change Order Proposal: Ross Drulis Cusenbery Architecture, Incorporated, Contract Number GS-09P-03-KTC-0091
09/16/09	A090237	Report on Audit of Parts of a Subcontract Firm Fixed Price Proposal: Rhodeside and Harwell, Inc., Solicitation Number GS-11P-08-MKC-0079
09/17/09	A090246	Report on Audit of Parts of a Proposal: A&F Engineers, Inc., Solicitation Number GS-11P-08-MKC-0080
09/21/09	A090231	Audit of Proposed Subcontract to Goody Clancy: Gruzen Samton, Solicitation GS-11P-08-MKC-0079
09/21/09	A090253	Report on Audit of Parts of a Proposal: O'Neal Technologies, Inc., Solicitation Number GS-11P-08-MKC-0080
09/21/09	A090252	Report on Audit of Subcontract Proposal to Zimmer Gunsul Frasca for St. Elizabeth's West Campus of the U.S. Department of Homeland Security: Code Consultants, Inc., Solicitation Number GS-11P-08-MKC-0080
09/22/09	A090229	Audit of Parts of a Proposal for ARUP USA, Inc.'s Proposal for Architect & Engineering Professional Services: ARUP USA, Inc., Solicitation Number GS-11P-08-MKC-0079

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

Date of Report	Report Number	Title
09/23/09	A090245	Report on Audit of Parts of a Proposal: Thornton Tomasetti, Inc., Solicitation Number GS-11P-08-MKC-0080
09/24/09	A090247	Firm Fixed Price Subcontract Proposal to Zimmer Gunsul Frasca: Hinman Consulting Engineers, Inc., Solicitation Number GS-11P-08-MKC-0080
09/25/09	A090250	Report on Audit of Subcontract Proposal to Zimmer Gunsul Frasca for Architect Engineering Professional Services: RTM Consultants, Inc., Solicitation Number GS-11P-08-MKC-0080
09/25/09	A090241	Report on Audit of Parts of a Proposal for EYP Project: Einhorn Yaffee Prescott Architecture & Engineering, P.C., Solicitation Number GS-11P-08-MKC-0080
09/25/09	A090118	Interim Postaward Review of Multiple Award Schedule Contract: Murray-Benjamin Electric Co., Contract Number GS-35F-0088N
09/28/09	A090251	Report on Audit of Parts of a Firm-Fixed-Price Subcontract Proposal for the St. Elizabeth's East-west Campus, U.S. Department of Homeland Security: Kroll Security Group, Solicitation Number GS-11P-08-MKC-0080
09/28/09	A090244	Report on Audit of Parts of a Proposal: JVP Engineers, P.C., Solicitation Number GS-11P-08-MKC-0080
09/29/09	A090243	Audit of Parts of a Proposal: Syska & Hennessy, Inc., Solicitation Number GS-11P-08-MKC-0080
09/29/09	A090235	Report on Audit of Parts of a Firm-Fixed Price Subcontract Proposal: Kohnen-Starkey, Inc., Solicitation Number GS-11P-08-MKC-0079
09/29/09	A090248	Report on Audit of Parts of a Subcontract Proposal: Schnabel Engineering, LLC, Solicitation Number GS-11P-08-MKC-0080
10/08/09	A090249	Report on Audit of Parts of a Firm-Fixed-Price Proposal for Architect and Engineering Services: Project Management Services, Inc., Solicitation Number GS-11P-08-MKC-0080
10/08/09	A080143	Preaward Review of Multiple Award Schedule Contract Extension: Stanley Associates, Inc., Contract Number GS-35F-5900H
10/21/09	A080155	Limited Scope Postaward Review of Multiple Award Schedule: Cascades Technologies, Inc., Contract Number GS-35F-0293N
10/23/09	A090170	Preaward Review of Multiple Award Schedule Contract Extension: Etouch Systems Corporation, Contract Number GS-35F-0627P
10/29/09	A090124	Preaward Review of Multiple Award Schedule Contract Extension: Intergraph Corporation, Contract Number GS-35F-0011K
11/09/09	A090098	Postaward Review of Multiple Award Schedule contract: Point Blank Body Armor, Inc., Contract Number GS-07F-8942D
11/09/09	A090202	Preaward Review of Multiple Award Schedule Contract Extension: Computech, Inc., Contract Number GS-35F-0108K

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

Date of Report	Report Number	Title
11/17/09	A080144	Preaward Review of Multiple Award Schedule Contract Proposal: BMC Software, Inc., Solicitation Number FCIS-JB-980001-B
12/10/09	A090159	Preaward Review of Multiple Award Schedule Contract Extension: RCF Information Systems, Inc., Contract Number GS-35F-0613J
12/16/09	A090240	Report on Audit of direct Labor, Direct Labor Escalation, Other Direct Costs, and Labor Overhead/G&A Rates: Zimmer Gunsul Frasca Architects LLP, Solicitation Number GS-11P-08-MKC-0080
12/16/09	A090101	Review of a Claim: Paramount Mechanical Corp., Subcontractor to PJ Dick Inc., Contract Number GS-11P-02-MKC-0055
12/21/09	A090189	Preaward Review of Multiple Award Schedule Contract Extension: Cascade Designs, Incorporated, Contract Number GS-07F-5451R
01/26/10	A090105	Review of a Claim: Marelich Mechanical Company, Incorporated, Subcontractor to Dick Corporation/Morganti Group, a Joint Venture, Contract Number GS-09P-02-KTC-0002
02/01/10	A080206	Examination of a Claim: Dick Corporation/Morganti Group, a Joint Venture, Contract Number GS-09P-02-KTC-0002
02/16/10	A090257	Preaward Review of Multiple Award Schedule Contract Extension: Technical and Management Resources, Inc., Contract Number GS-35F-0142K
02/24/10	A090198	Preaward Review of Multiple Award Schedule Contract Extension: IBIS Tek, LLC, Contract Number GS-07F-5505R
02/24/10	A090216	Postaward Review of Architect/Engineering Progress Billings: Ross Drulis Cusenbery Architecture, Incorporated, Contract Number GS-09P-03-KTC-0091
03/10/10	A090218	Postaward Review of Architect/Engineering Progress Billings: AECOM Transportation, a Division of AECOM U.S., Subcontractor to Ross Drulis Cusenbery Architecture, Incorporated, Contract Number GS-09P-03-KTC-0091
03/17/10	A100087	Postaward Review of Architect/Engineering Progress Billings: AECOM Design, a Division of AECOM U.S., Subcontractor to Ross Drulis Cusenbery Architecture, Incorporated, Contract Number GS-09P-03-KTC-0091
03/18/10	A100041	Examination of a Claim: T&M Manufacturing, Incorporated, Subcontractor to Dick Corporation/Morganti Group, a Joint Venture, Contract Number GS-09P-02-KTC-0002
03/22/10	A090187	Preaward Review of Multiple Award Schedule Contract Extension: B&H Foto & Electronics Corp., Contract Number GS-03F-0022R

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

Date of Report	Audit Number	Title	
Internal Audits			
07/31/07	A060190	Review of Multiple Award Schedule Program Contract Workload Management	04/15/2012
09/12/07	A070180	Alert Report on Security of GSA's Electronic Messaging Services and National Notes Infrastructure	03/30/2012
03/31/08	A060228	Improvements to the GSA Privacy Act Program are Needed to Ensure that Personally Identifiable Information is Adequately Protected	11/15/2011
09/11/08	A080081	FY 2008 Office of Inspector General FISMA Review of GSA's Information Technology Security Program	11/15/2011
07/15/09	A070199	Review of Management Controls over the Lease Prospectus Process	08/15/2011
09/30/09	A080226	Determination of Unnecessary Duplication within the Office of General Supplies and Services Federal Acquisition Service	07/15/2011
09/30/09	A070171	Review of Program Performance Measurement for Procurement	11/15/2011
09/30/09	A070118	Review of Consistency in Implementing Policy Across Acquisition Centers	12/15/2011
01/08/10	A090062	Audit of the General Services Administration's Fiscal Year 2009 Financial Statements	05/15/2012
03/12/10	A090172	Recovery Act Report – Austin Courthouse Project Review of PBS's Major Construction and Modernization Projects	08/15/2011
03/15/10	A090026	Review of Multiple Award Schedule Vendors' Invoicing Practices Relative to Prompt-Payment Discounts	08/15/2011
03/31/10	A090126	FY 2009 Office of Inspector General Information Technology Security Audit of the Office of the Chief Financial Officer's Corporate Information Network	04/15/2012
03/31/10	A070216	Audit of PBS's Controls over Security of Building Information in Online Environments	08/15/2011
03/31/10	A080180	Opportunities Exist to Improve GSA's Implementation of the E2 Travel System	09/15/2011

Appendix IV—Government Contractor Significant Report Findings

The *National Defense Authorization Act for Fiscal Year 2008*, P.L. 110-181, requires each Inspector General appointed under the *Inspector General Act of 1978* to submit an annex on final, completed contract reports issued to the contracting activity that contain significant audit findings—unsupported, questioned, or disallowed costs in an amount in excess of \$10 million, or other significant findings—as part of the Semiannual Report to the Congress. During this reporting period, the OIG issued no reports that met this requirement.

Appendix V–OIG Reports Without Management Decision

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

Appendix VI—Peer Review Results

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

During this reporting period between December 6, 2010 and December 13, 2010, the Office of Investigations had a peer review conducted by the Department of Energy Office of Inspector General, which resulted in an opinion that the Office of Investigations system of internal safeguards and management procedures were in compliance with the quality standards established by the CIGIE and applicable Attorney General guidelines. The last peer review conducted for the Office of Audits was in September 2009. No material findings were reported from any peer review. In addition, we did not conduct any peer reviews of another OIG during this reporting period. As such, there are no outstanding recommendations made from any peer reviews that have not been fully implemented.

Appendix VII—Reporting Requirements

The table below cross-references the reporting requirements prescribed by the Inspector General Act of 1978, as amended, to the specific pages where they are addressed. The information requested by the Congress in Senate Report No. 96-829 relative to the

1980 Supplemental Appropriations and Rescission Bill, the National Defense Authorization Act and the Dodd-Frank Wall Street Reform Act are also cross-referenced to the appropriate page of the report.

Requirement	Page
Inspector General Act	
Section 4(a)(2) – Review of Legislation and Regulations	21
Section 5(a)(1) – Significant Problems, Abuses, and Deficiencies	2–11
Section 5(a)(2) – Recommendations with Respect to Significant Problems, Abuses, and Deficiencies	2–11
Section 5(a)(3) – Prior Recommendations Not Yet Implemented	31
Section 5(a)(4) – Matters Referred to Prosecutive Authorities	27
Sections 5(a)(5) and 6(b)(2) – Summary of Instances Where Information Was Refused	none
Section 5(a)(6) – List of OIG Reports	36
Section 5(a)(7) – Summary of Each Particularly Significant Report	2–11
Section 5(a)(8) – Statistical Tables on Management Decisions on Questioned Costs	26
Section 5(a)(9) – Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use	25
Section 5(a)(10) – Summary of OIG Reports Issued Before the Commencement of the Reporting Period for Which No Management Decision Has Been Made	50
Section 5(a)(11) – Description and Explanation for Any Significant Revised Management Decision	none
Section 5(a)(12) – Information on Any Significant Management Decisions with Which the Inspector General Disagrees	none
Senate Report No. 96-829	
Resolution of Audits	24
National Defense Authorization Acts	
Public Law 104-106, 5 U.S.C. app. 3, § 5 note	43
Public Law 110-181	49
Dodd-Frank Wall Street Reform Act	
Peer Review Results	51

Appendix VIII—OIG Offices and Key Officials

Office of the Inspector General

Inspector General, Brian D. Miller (J)	(202) 501-0450
Deputy Inspector General, Robert C. Erickson (JD)	(202) 501-0450
Director of Communications and Congressional Affairs, Dave Farley (JX)	(202) 219-1062

Office of Counsel to the Inspector General

Counsel to the IG, Richard Levi (JC)	(202) 501-1932
--	----------------

Office of Evaluation & Analysis

Acting Director, Patricia D. Sheehan (JE)	(202) 273-4989
Office of Forensic Auditing, Director Patricia D. Sheehan (JEF)	(202) 273-4989

Office of Audits

Assistant IG for Auditing, Theodore R. Stehney (JA)	(202) 501-0374
Principal Deputy Assistant IG for Auditing, Regina M. O'Brien (JAD)	(202) 501-0374
Director, Audit Planning, Policy, and Operations Staff, Lisa L. Blanchard (JAO)	(202) 501-4865
Director, Administration and Data Systems Staff, Thomas P. Short (JAS)	(202) 501-1366
Director, Special Projects Office, Paul J. Malatino (JA)	(202) 208-0021

Deputy Assistant Inspectors General for Auditing

Finance and Information Technology Audit Office, Carolyn Presley-Doss (JA-F)	(202) 357-3620
Real Property Audit Office, Rolando N. Goco (JA-R)	(202) 501-2322
Acquisition Programs Audit Office, Kenneth L. Crompton (JA-A)	(703) 603-0189

Regional Inspectors General for Auditing

Northeast and Caribbean Field Office, Steven D. Jurysta (JA-2)	(212) 264-8620
Mid-Atlantic Field Office, James M. Corcoran (JA-3)	(215) 446-4840
Southeast Sunbelt Field Office, James D. Duerre (JA-4)	(404) 331-5125
Great Lakes Field Office, Adam R. Gooch (JA-5)	(312) 353-7781
The Heartland Field Office, John F. Walsh (JA-6)	(816) 926-7052
Greater Southwest Field Office, Rodney J. Hansen (JA-7)	(817) 978-2571
Pacific Rim Field Office, James P. Hayes (JA-9)	(415) 522-2744

Appendix VIII—OIG Offices and Key Officials

Office of Investigations

Assistant IG for Investigations, Geoffrey Cherrington (JI)	(202) 501-1397
Deputy Assistant IG for Investigations, Lee Quintyne (JID).	(202) 501-1397
Director, Investigations Operations Division, Gerald R. Garren (JIB)	(202) 501-4583

Special Agents in Charge (SAC)

Mid-Atlantic Regional Office, SAC Christopher P. Cherry (JI-W).	(202) 252-0008
Philadelphia Regional Office, SAC James E. Adams (JI-3).	(215) 861-3550
Northeast and Caribbean Regional Office, SAC James E. Adams (JI-2)	(215) 861-3550
Boston Regional Office, SAC Luis A. Hernandez (JI-1).	(617) 565-6820
Southeast Regional Office, SAC James Taylor (JI-4)	(404) 331-3084
Ft. Lauderdale Resident Office, SA Dietrich Bohmer (JI-4M)	(954) 356-6993
Central Regional Office, SAC Stuart G. Berman (JI-5)	(312) 353-7779
Mid-West Regional Office, SAC John F. Kolze (JI-6)	(816) 926-7214
Denver Resident Office, SA Christopher C. Hamblen (JI-8)	(303) 236-5072
Southwest Regional Office, SAC Paul W. Walton (JI-7)	(817) 978-2589
Western Regional Office, SAC Bryan D. Denny (JI-9).	(415) 522-2755
Laguna Niguel Resident Office, SA Theresa Quellhorst (JI-9L)	(949) 360-2214
Northwest Regional Office, SAC Terry J. Pfeifer (JI-10)	(253) 931-7654

Office of Administration

Assistant IG for Administration, Larry Lee Gregg (JP).	(202) 219-1041
Deputy Assistant IG for Administration, Stephanie Burgoyne (JP)	(202) 273-5006
Budget and Financial Management Division, Director Stephanie Burgoyne (JP)	(202) 273-5006
Human Capital Officer, Jack Mossop (JPE)	(202) 501-0821
Human Resources Division, Director Denise McGann (JPH)	(202) 501-1734
Information Technology Division, Director Rickey Eaton (JPM)	(703) 603-2323
Facilities Branch, Supervisor Carol Mulvaney (JPF)	(202) 501-3119
Contracts Branch, Team Leader Myra R. Hayes (JPC).	(202) 501-2887

Notes

Notes

Notes

Notes

Notes

Notes

**Make
like
it's
your
money!**

It is.

To report suspected waste, fraud, abuse, or
mismanagement in GSA, call your

Inspector General's Hotline

Toll-free 1-800-424-5210
Washington, DC metropolitan area
(202) 501-1780

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

or access the Web: www.gsaig.gov/hotline.htm

Office of Inspector General
U.S. General Services Administration

Office of Inspector General
U.S. General Services Administration
1800 F Street, NW
Washington, DC 20405
<http://www.gsaig.gov>