



Office of Inspector General
U.S. General Services Administration



Semiannual Report to the Congress

April 1, 2015 – September 30, 2015



Abbreviations

ARRA/Recovery Act	American Recovery and Reinvestment Act
ASAC	Assistant Special Agent in Charge
BPA	Blanket Purchase Agreement
CFL	Computers for Learning
CFO	Chief Financial Officer
C.F.R.	Code of Federal Regulation
CID	Criminal Investigation Command
CIO	Chief Information Officer
CIGIE	Council of Inspectors General on Integrity and Efficiency
CO	contracting officer
COR	Contracting Officer's Representative
CSP	Commercial Sales Practices
DCIS	Defense Criminal Investigative Service
DHS	Department of Homeland Security
DISA	Defense Information Systems Agency
DOD	Department of Defense
DOL	Department of Labor
FAP	Fine Arts Program
FAR	Federal Acquisition Regulation
FAS	Federal Acquisition Service
FBI	Federal Bureau of Investigation
FDIC	Federal Deposit Insurance Corporation
FISMA	Federal Information Security Management Act of 2002
FMFIA	Federal Managers' Financial Integrity Act
FMR	Federal Management Regulation
FSS	Federal Supply Schedule
FY	Fiscal Year
GSA	General Services Administration
GSAR	General Services Acquisition Requisition
IFF	Industrial Funding Fee
IPA	independent public accounting firm
IRS	Internal Revenue Service
IT	Information Technology
LEED	Leadership in Energy & Environmental Design
MAS	Multiple Award Schedule
NCIS	Naval Criminal Investigative Service
NCR	National Capital Region
OAS	Office of Administrative Services
OCFO	Office of the Chief Financial Officer
OCIO	Office of the Chief Information Officer
OIG	Office of Inspector General
OMB	Office of Management and Budget
PBS	Public Buildings Service
PII	Personally Identifiable Information
P.L.	public law
PRC	Price Reductions Clause
R&A	repairs & alterations
RWA	Reimbursable Work Authorization
SASP	State Agency for Surplus Property
SBA	Small Business Administration
SES	Senior Executive Service
TAA	Trade Agreements Act
UCMJ	Uniform Code of Military Justice
USAO	U.S. Attorney's Office
U.S.C.	United States Code
VA	Veterans Affairs
WPA	Works Progress Administration

Foreword

I am pleased to submit this Semiannual Report to Congress for the period April 1, 2015, through September 30, 2015. This reporting period marks the end of another successful fiscal year for the Office of the Inspector General (OIG), and includes my first two months as the Inspector General for the General Services Administration.

During Fiscal Year 2015, the OIG:

- > issued 85 audit reports, 7 audit memoranda, and 7 inspection and evaluation reports (page 11);
- > opened 161 new investigations and closed 204 (page 11); and
- > recommended over \$1.3 billion in funds be put to better use and in questioned costs and achieved \$243 million in criminal, civil, administrative and other recoveries (page 11).

Significant reports completed during this semiannual reporting period include a management alert report and an evaluation report produced by our Office of Inspections and Forensic Auditing concerning GSA's inadequate administration of the Army Childcare Subsidy Program (page 46). The reports found that GSA's failure to plan for its expanded role in administering the subsidy program resulted in high backlogs of unprocessed subsidy requests, unpaid invoices, and unreturned customer service inquiries, to the detriment of military families. The reports garnered media attention and were the subject of a Congressional hearing in September at which the Army and GSA stated their intention to transfer the work away from GSA.

Our Office of Audits continued to focus its efforts on GSA's challenges in its acquisitions programs and public buildings service. For example, during this reporting period, we performed preaward audits of 30 contracts with an estimated value of over \$3.1 billion and recommended over \$195 million of funds be put to better use. Significant findings included that contractors had supplied commercial sales practices information that was not current, accurate, or complete, had proposed overstated labor rates, and had used unqualified labor; and that Price Reductions Clause compliance monitoring was ineffective (page 19). The office also reported on deficiencies in the Federal Acquisition Service's training and warranting programs (page 19) and on oversight and safety issues at the Public Building Service's Michigan Service Center (page 23).

In addition, the work of our Office of Investigations yielded several high-value recoveries under the False Claims Act, including a civil settlement in which VMWare, Inc., and Carahsoft Technology Corp. agreed to pay \$75.5 million to resolve allegations that they misrepresented their commercial pricing practices and overcharged the government (page 33). Special agents also conducted numerous successful investigations of bribery schemes, fleet card misuse, and Service-Disabled Veteran-Owned Small Business fraud cases (pages 33–41); and made 57 referrals for suspension or debarment (page 43).

The scope and quality of the work described in this report reflects the exemplary service of the OIG staff. I appreciate their talent and dedication and look forward to our continued work together.

Carol F. Ochoa
Inspector General
October 31, 2015

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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	53
Section 5(a)(1) – Significant Problems, Abuses, and Deficiencies	18–28
Section 5(a)(2) – Recommendations with Respect to Significant Problems, Abuses, and Deficiencies	18–28
Section 5(a)(3) – Prior Recommendations Not Yet Implemented	57
Section 5(a)(4) – Matters Referred to Prosecutive Authorities	14
Sections 5(a)(5) and 6(b)(2) – Summary of Instances Where Information Was Refused	none
Section 5(a)(6) – List of OIG Reports	62
Section 5(a)(7) – Summary of Each Particularly Significant Report	18–28
Section 5(a)(8) – Statistical Tables on Management Decisions on Questioned Costs	13
Section 5(a)(9) – Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use	13
Section 5(a)(10) – Summary of OIG Reports Issued Before the Commencement of the Reporting Period for Which No Management Decision Has Been Made	69
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	12
NATIONAL DEFENSE AUTHORIZATION ACTS	
Public Law 104-106, 5 U.S.C. app. 3, § 5 note	65
Public Law 110-181	29
DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT	
Peer Review Results	72

OIG Profile

OIG Profile

Organization

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

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

- > The Office of Audits, an evaluative organization staffed with auditors and analysts who provide comprehensive coverage of GSA operations through program, financial, regulatory, and system audits and assessments of internal controls. The office conducts attestation engagements in support of GSA contracting officials to carry out their procurement responsibilities and obtain the best value for federal customers and American taxpayers. The office also provides other services to assist management in evaluating and improving its programs.
- > The Office of Administration, a professional support staff that provides budget and financial management, contracting, facilities and support services, human resources, and information technology services.
- > The Office of Counsel, an in-house legal staff that provides legal advice and assistance to all OIG components, represents the OIG in litigation arising out of or affecting OIG operations, and manages the OIG legislative and regulatory review.
- > The Office of Inspections and Forensic Auditing, a multi-disciplinary organization, independently and objectively analyzes and evaluates GSA's programs and operations through management and programmatic inspections and evaluations that are intended to provide insight into issues of concern to GSA, Congress, and the American public. The office also reviews and evaluates potentially fraudulent or otherwise criminal activities through the use of forensic auditing skills, tools, techniques, and methodologies; formulates, directs, and coordinates quality assurance for the OIG; and administers the OIG's records management program.
- > The Office of Investigations, an investigative organization that conducts a nationwide program to prevent, detect, and investigate illegal or improper activities involving GSA programs, operations, and personnel.

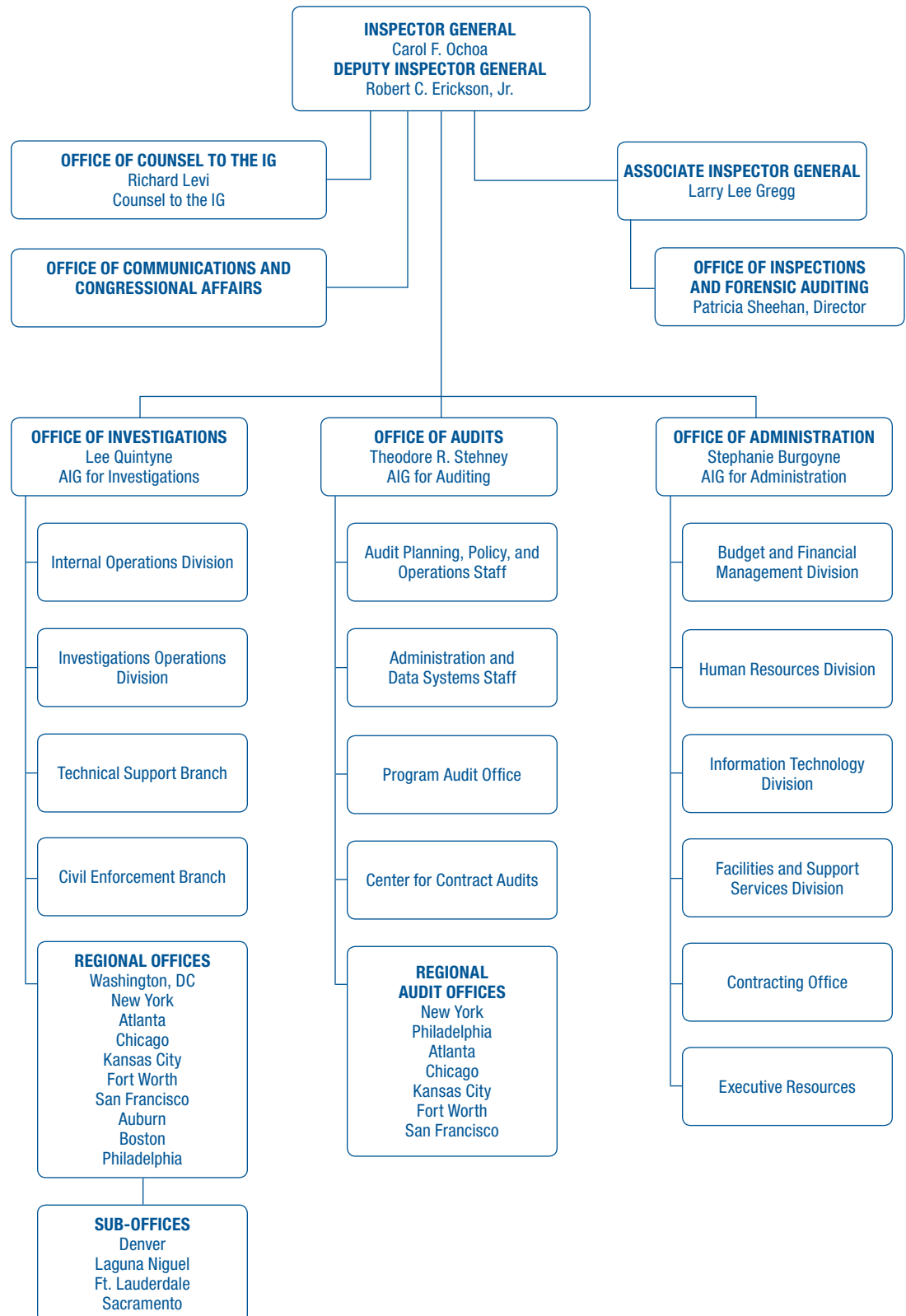
Office Locations

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

Staffing and Budget

As of September 30, 2015, our on-board staffing level was 305 employees. The OIG's fiscal year (FY) 2015 budget was \$65.6 million including \$2 million in no-year money and \$600 thousand in reimbursable authority.

OIG Organization Chart



OIG Offices and Key Officials

OFFICE OF THE INSPECTOR GENERAL		
Inspector General	Carol F. Ochoa (J)	(202) 501-0450
Deputy Inspector General	Robert C. Erickson, Jr. (J)	(202) 219-1041
Special Assistant for Communications	Sarah Breen (J)	(202) 219-1351
Congressional Affairs Liaison	Jennifer Riedinger (J)	(202) 501-4634
OFFICE OF COUNSEL TO THE INSPECTOR GENERAL		
Counsel to the IG	Richard Levi (JC)	(202) 501-1932
Deputy Counsel to the IG	Kevin Donohue (JC)	(202) 208-1367
OFFICE OF ASSOCIATE INSPECTOR GENERAL		
Associate Inspector General	Larry Lee Gregg (JX)	(202) 219-1041
OFFICE OF INSPECTIONS AND FORENSIC AUDITING		
Director	Patricia D. Sheehan (JE)	(202) 273-4989
OFFICE OF ADMINISTRATION		
Assistant IG for Administration	Stephanie Burgoyne (JP)	(202) 273-5006
Deputy Assistant IG for Administration	Erica Kavanagh (JP)	(202) 501-4675
Director, Budget and Financial Management Division	Suzanne Melnick (JPB)	(202) 501-2352
Director, Human Resources Division	Jennifer Ledbetter (JPH)	(202) 273-7362
Director, Information Technology Division	William English (JPM)	(202) 273-7340
Director, Facilities and Services Division	Carol Mulvaney (JPF)	(202) 501-3119
Contracting Officer	Brenda Reynolds (JPC)	(202) 501-2332
OFFICE OF AUDITS		
Assistant IG for Auditing	Theodore R. Stehney (JA)	(202) 501-0374
Principal Deputy Assistant IG for Auditing/ Deputy Assistant IG for Real Property Audits	Rolando N. Goco (JA)	(202) 501-2322
Deputy Assistant IG for Acquisition Programs Audits	James P. Hayes (JA)	(202) 273-7321
Deputy Assistant IG for Audit Policy and Oversight	Carolyn Presley-Doss (JA)	(202) 273-7323
Chief of Staff	Peter J. Coniglio (JA)	(202) 501-0468
Program Manager, FAR Disclosure and False Claims Act Resolution Program	Paul J. Malatino (JA)	(202) 208-0021
Director, Audit Planning, Policy, and Operations Staff	Lisa L. Blanchard (JAO)	(202) 273-7271
Director, Administration and Data Systems Staff	Thomas P. Short (JAS)	(202) 501-1366
ASSOCIATE DEPUTY ASSISTANT INSPECTORS GENERAL FOR AUDITING/REGIONAL INSPECTORS GENERAL FOR AUDITING		
Northeast and Caribbean Region Audit Office	Steven D. Jurysta (JA-2)	(212) 264-8620
Mid-Atlantic Region Audit Office	Thomas P. Tripple (JA-3)	(215) 446-4840
Southeast Sunbelt Region Audit Office	Nicholas V. Painter (JA-4)	(404) 331-5125
Great Lakes Region Audit Office	Adam R. Gooch (JA-5)	(312) 353-7781
Heartland Region Audit Office	John F. Walsh (JA-6)	(816) 926-7052
Greater Southwest Region Audit Office	Paula N. Denman (JA-7)	(817) 978-2571
Pacific Rim Region Audit Office	Hilda M. Garcia (JA-9)	(415) 522-2744
Center for Contract Audits	Barbara Bouldin (JA-A)	(202) 273-7370
Program Audit Office	Marisa A. Roinestad (JA-R)	(202) 273-7241

OFFICE OF INVESTIGATIONS		
Assistant IG for Investigations	Lee Quintyne (JI)	(202) 501-1397
Deputy Assistant IG for Investigations	James Adams (JID)	(202) 501-1397
Director, Investigations Operations Division	Vacant	(202) 501-1397
Director, Internal Operations Division	Deborah Vanover (JII)	(202) 273-7272
OFFICE OF INVESTIGATIONS FIELD OFFICES		
National Capital Regional Office		(202) 252-0008
Boston Regional Office		(617) 565-6820
Northeast Regional Office		(212) 264-7300
Mid-Atlantic Regional Office		(215) 861-3550
Southeast and Caribbean Regional Office		(404) 331-5126
Ft. Lauderdale Resident Office		(954) 356-6993
Great Lakes Regional Office		(312) 353-7779
Mid-West Regional Office		(816) 926-7214
Southwest Regional Office		(817) 978-2589
Denver Resident Office		(303) 236-5072
Western Regional Office		(415) 522-2755
Laguna Niguel Resident Office		(949) 360-2214
Sacramento Resident Office		(916) 484-4901
Northwest Regional Office		(253) 931-7654

Statistics on OIG Accomplishments

Summary of OIG Performance

April 1, 2015 – September 30, 2015

OFFICE OF AUDITS

Total financial recommendations	\$214,307,280*
These include:	
Recommendations that funds be put to better use	\$195,377,449
Questioned costs	\$18,929,831*
Audit reports issued	43
Audit memoranda provided to GSA	3
Management decisions agreeing with audit recommendations	\$1,050,313,356*

OFFICE OF INVESTIGATIONS

Referrals for criminal prosecution, civil litigation, administrative action, suspension & debarment	180
Indictments and informations on criminal referrals	24
Subjects accepted for criminal prosecution	26
Subjects accepted for civil action	15
Successful criminal prosecutions	17
Civil settlements	8
Contractors/individuals suspended and debarred	91
Employee actions taken on administrative referrals involving government employees	10
Civil settlements and court-ordered and investigative recoveries	\$165,123,321**

* These totals include a \$14 million settlement reached with Dell Marketing, L.P. during this semiannual period.

** This total includes the FAR disclosures reported on page 28, which includes the \$14 million Dell Marketing, L.P. settlement.

Fiscal Year 2015 Results

During Fiscal Year 2015, OIG activities resulted in:

- > Over \$1.3 billion* in recommendations that funds be put to better use and questioned costs. If adopted, these recommendations ultimately result in savings for the taxpayer.
- > 85 audit reports and 7 audit memoranda that assisted management in improving the efficiency and effectiveness of agency operations.
- > Over \$1.4 billion* in management decisions agreeing with audit recommendations; \$243 million** in criminal, civil, administrative, and other recoveries.
- > 161 new investigations opened and 204 cases closed.
- > 69 subjects accepted for criminal prosecution and 28 subjects accepted for civil litigation.
- > 50 criminal indictments/informations and 42 successful prosecutions on criminal matters previously referred.
- > 18 civil settlements.
- > 19 employee actions taken on administrative referrals involving government employees.
- > 63 contractor/individual suspensions and 73 contractor/individual debarments.
- > 2,346 Hotline contacts received. Of these, 189 were referred to GSA program officials for review and appropriate action, 61 were referred to other federal agencies, three were referred to the OIG Office of Audits, 25 were referred to the OIG Office of Inspections and Forensic Auditing, and 126 were referred internally for investigation or further review.

* These totals include a \$14 million settlement reached with Dell Marketing, L.P. during this semiannual period.

** This total includes the FAR disclosures reported on page 28, which includes the \$14 million Dell Marketing, L.P. settlement.

Statistical Summary of OIG Accomplishments

Reports Issued

The OIG issued 43 audit reports. The 43 reports contained financial recommendations totaling \$214,307,280** including \$195,377,449 in recommendations that funds be put to better use and \$18,929,831** in questioned costs. Due to GSA's mission of negotiating contracts for government-wide supplies and services, most of the savings from recommendations that funds be put to better use would be applicable to other federal agencies.

Management Decisions on OIG Reports

Table 1 summarizes the status of the universe of audits requiring management decisions during this period, as well as the status of those audits as of September 30, 2015. There were seven reports more than six months old awaiting management decisions as of September 30, 2015. Table 1 does not include five implementation reviews that were issued during this period because they are excluded from the management decision process. Table 1 also does not include four reports excluded from the management decision process because they pertain to ongoing investigations.

Table 1. Management Decisions on OIG Reports

	NUMBER OF REPORTS	REPORTS WITH FINANCIAL RECOMMENDATIONS*	TOTAL FINANCIAL RECOMMENDATIONS
For which no management decision had been made as of 04/01/2015			
Less than six months old	25	14	\$913,815,082
Six or more months old	6	4	\$19,469,846
Reports issued this period	38	26	\$214,307,280**
TOTAL	69	44	\$1,147,592,208**
For which a management decision was made during the reporting period			
Issued prior periods	24	13	\$902,200,609
Issued current period	21	12	\$148,112,747**
TOTAL	45	25	\$1,050,313,356**
For which no management decision had been made as of 09/30/2015			
Less than six months old	17	14	\$66,194,533
Six or more months old	7	5	\$31,084,319
TOTAL	24	19	\$97,278,852

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

** These totals include a \$14 million settlement reached with Dell Marketing, L.P. during this semiannual reporting period.

Management Decisions on OIG Reports with Financial Recommendations

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

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

	NUMBER OF REPORTS	FUNDS BE PUT TO BETTER USE
For which no management decision had been made as of 04/01/2015		
Less than six months old	13	\$913,664,250
Six or more months old	1	\$18,851,520
Reports issued this period	21	\$195,377,449
TOTAL	35	\$1,127,893,219
For which a management decision was made during the reporting period		
Recommendations agreed to by management	22	\$1,033,291,001
Recommendations not agreed to by management	0	\$0
TOTAL	22	\$1,033,291,001
For which no management decision had been made as of 09/30/2015		
Less than six months old	10	\$63,898,598
Six or more months old	3	\$30,703,620
TOTAL	13	\$94,602,218

Management Decisions on OIG Reports with Questioned Costs

Table 3. Management Decisions on OIG Reports with Questioned Costs

	NUMBER OF REPORTS	QUESTIONED COSTS
For which no management decision had been made as of 04/01/2015		
Less than six months old	5	\$150,832
Six or more months old	3	\$618,326
Reports issued this period	13	\$18,929,831*
TOTAL	21	\$19,698,989*
For which a management decision was made during the reporting period		
Disallowed costs	14	\$17,022,355*
Cost not disallowed	0	\$0
TOTAL	14	\$17,022,355*
For which no management decision had been made as of 09/30/2015		
Less than six months old	5	\$2,295,935
Six or more months old	2	\$380,699
TOTAL	7	\$2,676,634

* These totals include a \$14 million settlement reached with Dell Marketing, L.P. during this semiannual period.

Investigative Workload

The OIG opened 81 investigative cases and closed 102 cases during this period.

Referrals

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

During this period, the OIG also made 23 referrals to GSA officials for information purposes only.

Actions on OIG Referrals

Based on these and prior referrals, 26 subjects were accepted for criminal prosecution and 15 subjects were accepted for civil litigation. Criminal cases originating from OIG referrals resulted in 24 indictments/informations and 17 convictions. OIG civil referrals resulted in eight subject settlements. Based on OIG administrative referrals, GSA management debarred 50 contractors/individuals, suspended 41 contractors/individuals, and took 10 personnel actions against government employees.

Table 4. Summary of OIG Referrals

TYPE OF REFERRAL	CASES	SUBJECTS
Criminal	40	41
Civil	12	20
Administrative Referrals for Action/Response		62
Suspension	0	0
Debarment	23	57
TOTAL	75	180

Monetary Results

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

Table 5. Criminal and Civil Results

	CRIMINAL	CIVIL
Fines and Penalties	\$6,391,671	
Settlements		\$123,638,588
Recoveries		\$45,270
Forfeitures	\$426,157	
Seizures	\$0	
Restitutions	\$4,501,324	
TOTAL	\$11,319,152	\$123,683,858

Table 6. Non-Judicial Recoveries*

Administrative Recoveries	\$27,005,624
Forfeitures/Restitution	\$3,114,687
TOTAL	\$30,120,311

* Non-Judicial Recoveries includes the FAR disclosures reported on page 28, which includes the \$14 million settlement reached with Dell Marketing, L.P. during this semiannual period.

Management Challenges

GSA's Significant Management Challenges

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

CHALLENGE	BRIEF DESCRIPTION OF CHALLENGE
Acquisition Programs	GSA's procurement organization awards and administers government-wide contracts worth hundreds of billions of dollars. While GSA tries to obtain quality products and services at the best available prices, attention is needed to mitigate challenges with the GSA Schedules Program that include pricing, contractor compliance, workload management, workforce enhancement, program modernization, and proposed changes to the General Services Administration Acquisition Regulation.
GSA's Real Property Operations	While the federal government is focusing on improving the management and utilization of federal real property, GSA and its customers also face reduced budgets. PBS needs to align its programs and operations to provide solutions that address both short and long-term needs. Although immediate customer need often drives workload, local real property portfolios must be examined to assess whether they can meet long-term goals, especially where vacant owned space could replace expiring leases. Fallout from the Recovery Act will also continue to pose obstacles for PBS.
GSA's Organizational Structure	In FY 2012, GSA began consolidating its budget and financial management operations, as well as other support services and administrative functions. As GSA continues to restructure, it needs to reassess many aspects of its controls and systems. The regional structure of the organization has also undergone significant changes that may present communication and leadership issues.
Managing a Mobile Workforce	While reducing workspace for its central and regional offices, GSA is implementing a mobile workforce strategy. With physical contact being limited by increased telework, challenges will involve collaboration, management and supervision, document security, and IT capabilities. GSA's effort to transition to digital contract files may also prove challenging as this mobile workforce learns new methods for performing its duties.
Information Technology	Improvements are needed to protect sensitive GSA information and address emerging risks. Coordination, collaboration, and accountability across the agency are necessary to protect sensitive information. GSA IT systems do not always use effective data models, business rule validation checks, or data exchange specifications to ensure data quality. Improved planning, development, and implementation of IT systems are needed to ensure the availability of quality data to support business and investment decisions.
Financial Reporting	GSA's systems of accounting, financial management, and internal controls need to ensure management has accurate, reliable, and timely financial and performance information for its day-to-day decision making and accountability; as well as to deter fraud, waste, and abuse. The agency continues to have internal control and financial process weaknesses, including the absence of an integrated procurement and acquisition system, ineffective information and communication processes, and the lack of effective supervision over regional and operational personnel. Further, GSA must identify the existence of environmental contamination in its properties and needs an effective process to determine remediation costs of these environmental liabilities for its financial statement reporting.
GSA's Greening Initiative – Sustainable Environmental Stewardship	With its major role in federal construction, building operations, acquisition, and government-wide policy, GSA faces challenges to achieve sustainability and environmental goals. GSA is required to increase energy efficiency, reduce greenhouse gas emissions, conserve water, reduce waste, support sustainable communities, and leverage purchasing power to promote environmentally responsible products and technologies. GSA has to develop a management framework, collect data to support goals and evaluate results, and fund specific programs.

Management Challenges

Acquisition Programs

GSA provides federal agencies with billions of dollars in products and services through various contract types. As of September 30, 2015, there were over 16,000 Multiple Award Schedule (MAS) contracts under GSA's procurement program that generated over \$33 billion in sales. We oversee this program by conducting preaward, postaward, and performance audits. Historically, for every dollar invested in our preaward audits, we achieve at least \$10 in savings from lower prices or more favorable contract terms and conditions for the benefit of the government and taxpayer.

Significant Preaward Audits

The pre-decisional, advisory nature of preaward audits distinguishes them from other audit products. This program provides vital, current information enabling contracting officers to significantly improve the government's negotiating position to realize millions of dollars in savings on negotiated contracts. During this reporting period, we performed preaward audits of 30 contracts with an estimated value of over \$3.1 billion and recommended over \$195 million of funds be put to better use. Management decisions were also made on 22 preaward audit reports, which recommended over \$1.03 billion of funds be put to better use. Management agreed with 100 percent of our recommended savings.

Three of our more significant audits were on MAS contracts with combined projected government sales of over \$449 million. These audits recommended over \$95 million of funds be put to better use. Some of the more significant findings within one or more of these audit reports include: commercial sales practices information was not current, accurate, or complete; proposed labor rates were overstated; Price Reductions Clause compliance monitoring was ineffective; and contractors used unqualified labor.

FAS Needs to Strengthen Its Training and Warranting Programs for Contracting Officers

Report Number A140008/Q/9/P15002, dated June 26, 2015

FAS contracting officers play an integral role in delivering best value in procuring products and services for the government. They are responsible for ensuring the government's interests are protected and procurements comply with the Federal Acquisition Regulation (FAR) and GSA guidance, while providing solutions to GSA customers. The need to train contracting officers is critical to achieving the best value for GSA's customer agencies and ultimately, the American taxpayer. As such, the objective of our audit was to determine if FAS's method and oversight of training and warranting contracting officers is relevant and effective in developing the acquisition workforce, in accordance with GSA's policies and mission.

We determined that FAS is not providing the specialized training needed for awarding and administering MAS contracts. As a result, GSA customers are at a greater risk of paying higher prices and not achieving best value. Contracting officers are taking non acquisition-related courses to maintain their warrants and individuals responsible for ensuring contracting officers meet their training requirements are limited in their ability to track compliance. Additionally, FAS should analyze its budget for acquisition training to identify opportunities for more live instructor-led training. Finally, FAS is not complying with the warrant program requirements for maintaining a current and accurate database.

We recommended that the FAS Commissioner:

- > Provide specialized training for contracting officers who award and administer MAS contracts that includes course FCN 401, *Awarding and Administering Multiple Award Schedules*.
- > Ensure all continuous learning supports the competencies associated with the Federal Acquisition Certification in Contracting certification.
- > Encourage the use of acquisition training budgets to procure more live instructor-led training courses, to better develop and engage the acquisition workforce.
- > Grant Central Office portfolio training coordinators system access to generate reports in the Federal Acquisition Institute Training Application System that track Federal Acquisition Certification in Contracting and warrant compliance for their assigned staff.
- > Ensure all warrant information is current and accurate in the Federal Acquisition Institute Training Application System warrant module.
- > Establish a process whereby Bureau Certification Managers and/or training coordinators routinely validate warrant information in the Federal Acquisition Institute Training Application System.

The FAS Commissioner agreed with our report recommendations.

GSA's Real Property Operations

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

Management Alert: PBS Lacks Support for Its Decision to Vacate the Leased Federal Courthouse in Pensacola, Florida

Audit Memorandum Number A150132, dated September 14, 2015

In April 2015, the PBS Commissioner decided to relocate tenant agencies from the leased federal courthouse at 1 North Palafox Street in Pensacola, Florida, based on a finding of “widespread” mold throughout the courthouse and complaints from occupants about related health concerns. However, we have been unable to find evidence supporting the finding of “widespread” mold and the decision that all the tenants needed to be relocated pending remediation.

The leased federal courthouse at 1 North Palafox Street in Pensacola, Florida, was built in 1997 for approximately \$10 million by a developer as a lease construction project. Per the terms of the lease, PBS is responsible for all maintenance and repairs for the courthouse. The term of the lease is for 20 years expiring on July 31, 2017, with two 5-year lease options. Since occupancy, the building has had various water intrusion issues. Between 2003 and 2008, PBS spent \$1.4 million to address them. In May 2014, a Major Disaster Declaration was issued for Pensacola due to flooding from severe storms and heavy rainfall. The flooding also affected the courthouse and led to water in the building. As a result, in September 2014, PBS contracted with an architecture firm to determine the causes and effects of the water intrusion. The architecture firm subsequently consulted with water intrusion design and indoor air quality specialists for the project.

As a result of visual inspection, destructive testing, and air sampling, PBS contained nine rooms due to mold issues that make up approximately 3 percent of the building. The results of ten environmental surveys indicate that the air quality within the rest of the courthouse was acceptable. Additionally, PBS obtained no medical evidence that the occupants’ health concerns are directly attributable to building conditions. The decision to relocate tenants to temporary space has resulted in over \$6 million in associated costs to date, with substantial additional costs anticipated. Further, PBS’s decision to vacate a building due to mold that is confined to approximately 3 percent of the usable square feet may set an unsustainable precedent on how to address future remediation efforts.

We are continuing our audit fieldwork into this issue and anticipate issuing a final report with recommendations in fiscal year (FY) 2016.

PBS NCR Triangle Service Center Violated Federal Regulations and GSA Policy When Awarding and Administering Contracts

Report Number A130129/P/R/R15008, dated June 30, 2015

PBS Service Centers are responsible for ensuring that tenant needs are met efficiently and economically in GSA owned and leased buildings. This responsibility includes the operation, maintenance, repair, alteration, and improvement of GSA-controlled space. Triangle Service Center is one of five National Capital Region (NCR) Service Centers with 132 buildings in its inventory totaling 28.6 million rentable square feet. In FY 2013, the Triangle Service Center's operations and maintenance budget was \$44 million. The objective of our audit was to determine whether the Triangle Service Center followed current procurement regulations and policies for ordering and accepting goods and services.

We found that Triangle Service Center violated procurement regulations and GSA policy for ordering services and administering contracts. Specifically, PBS NCR awarded a contract with several elements of a personal services contract, including continuous direct supervision of the contractor employees. Unless authorized by Congress, obtaining personal services by contract, rather than by direct hire, circumvents civil service laws. PBS NCR also did not ensure a predecessor contractor's employees were offered the right of first refusal, thus reducing the efficiencies gained from using experienced personnel. In addition, PBS NCR failed to maintain a contract file for an active elevator maintenance contract, restricting its ability to effectively administer and close-out the contract. PBS NCR also failed to document the authorization and receipt of goods and services for purchase card transactions, circumventing the established controls over such transactions. Finally, PBS NCR used an incorrect deductible amount for an operations and maintenance contractor's minor repairs, thus overpaying the contractor by at least \$4,000.

We recommended that the PBS Regional Commissioner, NCR:

- > Develop, implement, and maintain the management controls necessary to ensure that: PBS NCR is not procuring or participating in personal services contracts; Services contracts comply with FAR 52.222-17, *Nondisplacement of Qualified Workers*; procedures are in place to recreate a contract file and administer a contract should a file be lost; and purchase cardholders comply with GSA Order OAS 4200.1A, *Management and Use of the GSA SmartPay Purchase Card*.
- > Review all purchase card transactions under the operations and maintenance contract, Contract Number GS-11P-13-ZG-C-0064, to identify and recover all potential purchase card overpayments.

The PBS Regional Commissioner acknowledged our report findings.

Oversight and Safety Issues at the PBS Michigan Service Center

Report Number A140024/P/5/R15009, dated September 30, 2015

The PBS Michigan Service Center in GSA's Great Lakes Region, consisting of five field offices, managed around 7.8 million gross square feet of work space and the delivery of over \$29 million in goods and services during FY 2013. The Michigan Service Center's responsibilities include: property management, financial management, maintenance and repairs, building operations, security assistance to the Department of Homeland Security's Federal Protective Service, lease administration, energy conservation, outleasing, environmental initiative monitoring, vacant space utilization, and minor repair and alteration program management. The objective of our audit was to determine whether PBS's Michigan Service Center is providing clean, safe, secure, maintained, and comfortable work space for its tenants.

We found that the Michigan Service Center did not always provide clean, safe, secure, maintained, and comfortable work space. Specifically, the Michigan Service Center performed inadequate inspections of leased properties that resulted in safety and fire protection issues. Inspections focused predominantly on cosmetic and janitorial issues while overlooking more serious problems. Also, operations and maintenance contractors made inadequate or no repairs due to insufficient oversight. Repairs resulted in multiple call-backs or were only temporary instead of quality, permanent repairs. Lastly, unaddressed code violations posed safety hazards to building occupants and mechanics. These violations included the use of occupancy sensors in mechanical areas, leaks in mechanical areas, and lack of ground fault circuit interrupters near water supplies.

We recommended that the PBS Regional Commissioner, Great Lakes Region:

- > Ensure that lease property managers' inspections comply with the PBS desk guide and lease inspection form, and assess all aspects of lease performance including safety, fire protection, and security; and remediate the safety, fire, and security issues identified during the audit.
- > Institute management controls necessary to ensure that repairs and maintenance performed under operations and maintenance contracts are performed as required; and remediate the inadequate repairs identified during the audit.
- > Ensure that PBS identifies electrical, mechanical, and plumbing deficiencies in its buildings which could impact the safety of building occupants; and remediate the electrical, mechanical, and plumbing issues identified during the audit.

The PBS Regional Commissioner generally agreed with our report findings and recommendations.

Review of Safety Issues in Lincoln, Nebraska, and St. Louis and Kansas City, Missouri

Audit Memorandum Number A140134, dated June 26, 2015

We performed this review in response to a hotline complaint. The complaint alleged incompatible tenant groupings, improper explosives storage, and unresolved safety issues at five government-owned buildings in the Heartland Region. In addition, the complaint alleged that tenants and PBS were uncertain as to who has primary responsibility for managing and reporting hazards, and that PBS has not established a required occupancy permit program.

We determined that the allegations outlined in the complaint had merit. Specifically, we found incompatible tenant groupings that included childcare facilities, the courts, and laboratory space; improperly stored explosives; and unresolved safety issues at several Heartland Region PBS buildings. Further, there was uncertainty regarding responsibility for hazards and PBS had not established a required occupancy permit program. These issues potentially placed building tenants at risk for harm. The Heartland Region PBS was aware of the concerns outlined in the complaint and had taken action to mitigate some of the issues. However, we determined that stronger and more immediate responses should be considered.

The PBS Regional Commissioner, Heartland Region, agreed with the audit memorandum findings and advised that it was actively working to address the issues.

Information Technology

Improved planning, development, and implementation of IT systems and services are needed to ensure quality data, support business decisions, and improve investments. 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.

System Interface Issue and Inconsistent Application of Compensating Controls May Limit Assurance Over the Accuracy of GSA Employees' Time and Attendance Records

Audit Memorandum Number A150070-2, dated September 18, 2015

Authorized Leave and Overtime Help Application (ALOHA) is a system for submitting and approving leave and overtime requests. This system interfaces with the Electronic Time and Attendance Management System (ETAMS), GSA's time and attendance system of record. Due to design weaknesses in the interface between the two systems, GSA does not have sufficient assurance that the leave balances for thousands of its employees are accurate.

Approved leave requests accumulate in ALOHA and are transmitted to ETAMS. Upon successful completion of the transmission, an employee's approved leave in ALOHA is applied to the employee's timecard in ETAMS and deducted from the employee's leave balance. However, an employee's approved leave in ALOHA will not be applied to ETAMS through this process if a manual change was made in ETAMS prior to the ALOHA batch transmittal. Manual entries into an employee's ETAMS timecard are required in a number of scenarios, including entry of overtime hours worked, premium pay for holidays worked, court leave, and telework hours. Once posted, these manual entries will prevent leave requests made in ALOHA from transferring automatically to the employee's ETAMS timecard for that pay period. Unless the leave approved in ALOHA is also manually entered into ETAMS in these cases, the employee's leave balances will be inaccurate.

GSA has implemented manual controls but they have not been effective in eliminating discrepancies. As of March 26, 2015, GSA reported 51,390 unresolved leave balance discrepancies affecting 6,879 employees.

We concluded that GSA should enhance the controls to resolve and avoid further discrepancies between ALOHA and ETAMS and to ensure the accuracy of employee leave balances. GSA should also establish formal target dates for completing reconciliations to address the leave discrepancy issue. Additionally, training centered on the established controls in the ALOHA/ETAMS environment could be delivered to ensure supervisors and employees understand their roles and responsibilities.

The GSA Chief Financial Officer agreed with our audit memorandum findings and conclusions and has begun taking action to address the leave balance discrepancies.

Financial Reporting

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

GSA Did Not Comply with the Improper Payments Elimination and Recovery Act for FY 2014

Report Number A150021/B/5/F15004, dated May 1, 2015

GSA's Office of the Chief Financial Officer (OCFO) manages agency efforts to eliminate future and recover past improper payments. The OCFO reviews payments as part of its improper payments program and also employs the services of a payment recapture audit contractor to identify and recover overpayments from commercial contractors. Our audit objective was to determine if GSA complied with the Improper Payments Information Act of 2002, as amended by the Improper Payments Elimination and Recovery Act of 2010 and the Improper Payments Elimination and Recovery Improvement Act of 2012, for FY 2014.

We determined that GSA did not comply with the Improper Payments Elimination and Recovery Act of 2010 due to failure to meet improper payment reduction targets from the prior year for the Purchase Card and Building Operations – Utilities program areas. GSA also reported numerous inaccuracies in its FY 2014 Agency Financial Report (AFR). Additionally, GSA's regional reviewers did not complete the reviews of claims submitted by the payment recapture audit contractor in a timely fashion or verify that claim forms were complete. Furthermore, the OCFO is not performing sufficient training or oversight for accurately reporting its improper payments information, nor has the OCFO maintained adequate procedural documentation to ensure that information is reported consistently.

We recommended that the GSA Chief Financial Officer:

- > Fulfill the requirements of Office of Management and Budget (OMB) Memorandum M-15-02, *Appendix C to Circular No. A-123, Requirements for Effective Estimation and Remediation of Improper Payments*, by submitting the required plan for addressing noncompliance within 90 days.
- > Ensure that supporting documentation is maintained for purchase card payments as required in GSA Order CFO 4200.1A, *Use of the GSA Purchase Card*.
- > Comply with existing procedures for AFR improper payments reporting and expand upon these procedures to ensure AFR improper payments information is supported, complete, and verified.

- > Submit corrected FY 2014 improper payments information for reporting in the OMB MAX Information System.
- > Implement proposed corrective actions related to training and supervisory reviews to ensure accurate reporting of improper payments information.
- > Strengthen policy and supervision associated with claims review and validation to emphasize adherence to the existing 60-day timeframe and waiver process for review of submitted claims.
- > Establish procedures to ensure that claims submitted by the recapture audit contractor that are below the contracted threshold are appropriately identified, tracked, and reported in the AFR.
- > Implement review procedures to ensure that all approved claim forms are completed in accordance with recapture audit contract terms and OMB requirements.

The GSA Chief Financial Officer agreed with our report recommendations.

GSA Office of Inspector General's Fiscal Year 2014 Risk Assessment of GSA's Charge Card Program

Audit Memorandum Number A150037-3, dated September 30, 2015

The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act) was enacted to prevent waste, fraud, and abuse that may exist in federal charge card programs. The Charge Card Act and OMB Memorandum M-13-21, *Implementation of the Government Charge Card Abuse Prevention Act of 2012*, require Inspectors General to conduct annual risk assessments of purchase card programs and travel card programs with more than \$10 million in annual spending. These assessments analyze the risks of illegal, improper, or erroneous purchases and payments. Inspectors General are required to use these risk assessments to determine the necessary scope, frequency, and number of audits to be performed in these areas. In accordance with the Charge Card Act and OMB Memorandum M-13-21, we conducted a risk assessment of GSA's FY 2014 purchase card program. We also performed a risk assessment of GSA's FY 2014 travel card program.

We found that GSA has policies and procedures designed to mitigate purchase and travel card misuse and abuse. These policies are outlined in GSA's Charge Card Management Plan in accordance with the requirements of the Charge Card Act. However, during our testing of key controls over the purchase and travel card programs, we identified instances in which these controls were either lacking support, not operating effectively, or inadequate.

Based upon our testing, we determined that sufficient evidence exists to assess a high level of risk of illegal, improper, or erroneous purchases made through GSA's purchase card program during FY 2014. We also assessed a moderate level of risk of illegal, improper, or erroneous purchases made through GSA's FY 2014 travel card program. As a result of our risk assessment, we plan to conduct an audit of GSA's purchase card program in FY 2016.

The GSA Chief Administrative Services Officer took no exception to our audit memorandum findings.

Other Initiatives

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

FAR Rule for Contractor Disclosure

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

Disclosures for this Reporting Period

As disclosures are made, the Offices of Audits, Investigations, and Counsel jointly examine each acknowledgment and make a determination as to what actions, if any, are warranted. During this reporting period, we received 12 new disclosures. The matters disclosed include: billing errors, excess labor charges, services not performed, failure to comply with contract requirements related to commercial sales practices disclosures and price reduction monitoring, and Trade Agreements Act violations. We concluded our evaluation of ten disclosures that resulted in \$21,802,084 in recoveries to the government. We also assisted on one disclosure referred by another agency because of the potential impact on GSA operations and continued to evaluate 26 existing disclosures.

Government Contractor Significant Report Findings

The National Defense Authorization Act for FY 2008, Public Law 110-181, requires each IG appointed under the IG Act of 1978 to submit an annex on final, completed contract audit reports issued to the contracting activity as part of its semiannual report to the Congress. The annex addresses significant audit findings—unsupported, questioned, or disallowed costs in excess of \$10 million—or other significant contracting issues. During this reporting period, this office issued one contract audit report that met these requirements.

We initiated an audit of Dell Marketing, L.P. (Dell) based on the findings of a preaward audit of the company's proposal to extend its existing contract. The preaward audit disclosed that Dell: (1) erroneously priced GSA contract orders by failing to grant the lowest price in effect on the date of its quote or order entry; and (2) violated the contract's Economic Price Adjustment clause by increasing GSA contract prices without a contract modification. Our subsequent postaward audit confirmed that Dell's initial refund calculations of \$5,645,517 and \$7,298,557 did not include all pricing errors and unauthorized price increases. However, we determined that Dell's final revised refund calculation of \$14,288,465 was accurate and complete. The GSA contracting officer accepted this amount as settlement for all overpayments for the period January 1, 2004, through April 30, 2014. On August 14, 2015, Dell refunded the government \$14,288,465.

Significant Investigations

Significant Investigations

GSA is responsible for providing working space for one million federal employees. The agency also manages the transfer and disposal of excess and surplus real and personal property and operates a government-wide services and supply system. To meet the needs of the customer agencies, GSA contracts for billions of dollars' worth of equipment, supplies, materials, and services each year. We conduct reviews and investigations in all these areas to ensure the integrity of the agency's financial statements, programs, and operations, and that taxpayers' interests are protected. In addition to detecting problems in these GSA programs and operations, the OIG is responsible for initiating actions and inspections to prevent fraud, waste, and abuse and to promote economy and efficiency. When systemic issues are identified during investigations, they are shared with GSA management for appropriate corrective action. During this period, civil, criminal, and other monetary recoveries totaled over \$165 million (see Tables 5 and 6).

Civil Settlements

VMware, Inc., and Carahsoft Technology Corp. Agree to Pay \$75.5 Million to Resolve Allegations of False Claims

On June 30, 2015, VMware, Inc. (VMware), and Carahsoft Technology Corporation (Carahsoft) agreed to pay \$75.5 million to resolve allegations that they misrepresented their commercial pricing practices and overcharged the government on VMware-made software products and related services. This investigation began with a qui tam complaint that alleged VMware and Carahsoft violated the False Claims Act by failing to disclose commercial pricing and discounts, as required by Carahsoft's GSA Multiple Award Schedule (MAS) contract, enabling the companies to overcharge the government for VMware's products and services from 2007 through 2013.

LB&B Agrees to Pay \$8.2 Million to Settle Claims

On May 4, 2015, LB&B Associates, Inc., agreed to pay the U.S. government \$8.2 million to settle civil claims that it submitted false statements to the SBA. A qui tam complaint alleged that LB&B obtained its 8(a) and mentor-protégé set-aside program status through false statements. A joint investigation with the SBA OIG determined that the company was controlled by Edward Brandon, though it had represented that it was controlled by Lilly Brandon, his wife.

Construction Company Agrees to Pay \$7 Million to Resolve False Claims

On May 20, 2015, Hunter Roberts Construction Group, LLC (Hunter Roberts), one of the largest construction companies in New York City, entered into a non-prosecution agreement in which it agreed to pay \$7,007,045 in penalties to the federal government and restitution to victims to resolve a criminal investigation into the company's past fraudulent billing practices. The agreement also requires Hunter Roberts to provide continuing cooperation and maintain far-reaching corporate reforms. A joint investigation with the FBI and DOL OIG determined that the company engaged in an eight-year scheme of billing clients, including government contracting and funding agencies, for hours that were not worked by labor foremen, systematically adding one or two hours of unworked or unnecessary overtime per day to the foremen's time sheets. The company also billed as worked hours time the foremen were absent for vacation days, sick days, and major holidays. Additionally, from 2010 through November 2013, Hunter Roberts billed its clients for some foremen at rates exceeding those specified in its contracts.

UPS Agrees to Settle Claims for Failing to Deliver on Time

On May 4, 2015, the Department of Justice executed a settlement agreement with United Parcel Service (UPS) in which UPS agreed to pay the U.S. government \$25 million to settle allegations that the company miscoded deliveries as delivered, or falsely marked them with exception codes which nullified its delivery guarantee, to avoid paying the required refund under UPS's GSA Domestic Delivery Services 2 contract. UPS also signed an agreement with New Jersey's Office of Attorney General and agreed to pay the State of New Jersey \$740,000 as a result of this investigation. This case was worked jointly with FDIC OIG, TIGTA, VA OIG and DCIS.

Covan World-Wide Moving Services Agrees to Pay \$5 Million to Resolve False Claims Act Allegations

On July 9, 2015, Covan World Wide Moving, Inc., Coleman American Moving Services, Inc., and other related entities (collectively Covan) agreed to pay \$5 million to resolve allegations under the False Claims Act that Covan overcharged for storage services by increasing the weights of shipments for military service members' and federal employees' household goods. This investigation, worked jointly with Army CID and DCIS, was based upon a qui tam, filed November 13, 2013, alleging Covan employees witnessed the falsification of weight tickets ultimately used to bill the government.

Former GSA Contractor and Its Former President Agree to Pay a Total of \$308,587 to Settle Allegations of False Claims

On July 2, 2015, Protection Strategies, Inc. (PSI), of Arlington, VA, agreed to pay the government \$250,000, and David K. Sanborn, former president of PSI, agreed to pay the government \$58,587, to settle claims relating to the creation of Security Assistance Corporation (SAC) of Arlington, VA, as a front company to obtain contracts through the SBA 8(a) Business Development Program. Former officials at PSI and SAC submitted falsified documents to the SBA to gain 8(a) status and set-aside contracts with NASA, DOD, GSA, and other agencies. In a related criminal case, Sanborn was ordered to pay restitution and forfeiture for charges involving this scheme, including conspiracy to bribe a Department of Homeland Security official. This investigation was worked jointly with NASA OIG, SBA OIG, DHS OIG and DCIS.

Criminal Investigations

Individual Sentenced in Computer Hacking Scheme Targeting Government Employees

On May 20, 2015, Abiodun Adejohn was sentenced to three years' confinement and three years' supervised release, and ordered to pay restitution in the amount of \$630,806, following his guilty plea to conspiracy to commit wire fraud. A joint investigation by the FBI, EPA OIG, DOC OIG, and DCIS identified Adejohn as part of a computer hacking and identity theft scheme that defrauded vendors of nearly \$1 million worth of office products. The scheme employed "phishing" attacks using e-mails and websites that mimicked legitimate e-mails and web pages of the U.S. government, which led employees of targeted agencies to visit fake web pages where they provided their e-mail account user names and passwords. The conspirators used these stolen credentials to access the employees' e-mail accounts in order to place fraudulent orders for office products, in the employees' names, from vendors who were authorized to do business with U.S. government agencies. Adejohn and his co-conspirators directed the vendors to ship the fraudulent orders to individuals in New Jersey and elsewhere. These individuals repackaged and shipped the products to overseas locations controlled by Adejohn and his co-conspirators. Once the orders were received in Nigeria, Adejohn and his co-conspirators sold the products on the black market.

Defense Logistics Agency Employee Pleads Guilty to Theft of U.S. Government Property

On June 30, 2015, Eric M. Shaffer pleaded guilty to three felony counts of theft of government property exceeding \$1,000. In June 2014, information was received from a GSA Global Supply vendor alleging that an eBay seller listed for sale an item that the vendor had shipped to the Defense Logistics Agency (DLA), San Joaquin Distribution Center, Tracy, CA. The investigation identified the eBay seller as Shaffer, a warehouse employee at the DLA Distribution Center. It was determined that from February 2011 to January 2015, Shaffer used an eBay account to initiate approximately 325 auctions, involving more than 620 items of stolen government property. Shaffer also completed more than 40 private sales of stolen government property. Most of the stolen items are believed to have originated from GSA vendors participating in the GSA Advantage and GSA Global Supply programs. Shaffer confessed to stealing items from the warehouse and selling them via eBay and direct sales. A search of Shaffer's home also found items stolen from the DLA Depot. The value of all the property stolen by Shaffer is estimated at over \$316,000. This investigation was worked jointly with DHS-HSI OIG and DOD OIG.

Jeffrey Neely, Former Region 9 Executive, Sentenced

On June 30, 2015, former GSA Public Buildings Service Regional Commissioner Jeffrey Neely was sentenced to three months' imprisonment followed by three months' home confinement, as well as 24 months of probation, a \$2,000 fine, and \$8,000 in restitution. Previously, on September 25, 2014, Neely was indicted on five counts of fraud related to false statements and fraudulent travel claims he submitted while working for GSA; he pleaded guilty to making false, fictitious, or fraudulent claims. Neely was also the GSA official responsible for GSA's 2010 Western Regions Conference in Las Vegas, Nevada, which involved wasteful and prohibited spending.

Bonding Company Official Sentenced

On May 26, 2015, Abel M. Carreon pleaded guilty to one felony count of mail fraud and one count of aggravated identity theft. On August 3, 2015, he was sentenced to 65 months in prison followed by 36 months of probation, and ordered to pay \$1,253,096 in restitution. GSA OIG began the investigation after receiving a referral from the DOT OIG regarding an alleged bond fraud scheme by Carreon, the CEO and Senior Escrow Manager of Tripartite Escrow Corporation (TEC), of Fresno, CA. Between April 2005 and May 2011, Carreon offered bonding services to government contractors that were required to submit payment and performance bonds as a condition of contract award. Carreon forged notary signatures and stamps on documents in bond packages submitted to GSA and other government agencies that were backed by fraudulent securities owned by fictitious individual sureties. The scheme resulted in payments to TEC totaling over \$1,253,000. GSA OIG worked this case jointly with DOI OIG, DOT OIG, DOD OIG, USDA OIG, Army CID, DHS OIG, and AFOSI.

Former GSA Building Manager Pleaded Guilty

On April 16, 2015, Timothy Francis Cashman, former PBS Building Manager, pleaded guilty to one count of conspiracy to commit bribery and theft of U.S. government property, and one count of filing a false tax return. Cashman was arrested in July 2014 for taking \$42,000 in bribes in return for helping a subcontractor obtain government contracts from GSA, as well as for stealing various items of value from the facilities he was responsible for managing. GSA OIG investigated this case jointly with the FBI, DOD OIG, IRS CID, NCIS, and SBA OIG.

President of SofTec Solutions, Inc., Sentenced for Fraudulent Scheme

On September 29, 2015, Hemal R. Jhaveri, President and Chief Executive Officer of SofTec Solutions, Inc., was sentenced to six months' confinement and 1,000 hours of community service, and ordered to pay \$1,171,179 in restitution and a \$250,000 fine. SofTec Solutions was a participant in the SBA's 8(a) Small Disadvantaged Business Program from 2006 to 2010, and was awarded approximately \$21 million in federal contracts. A joint investigation by the GSA OIG, IRS CI, Army CID MPFU, DCIS, and the SBA OIG determined that Jhaveri directed SofTec's accountant to divert payments to off-shore bank accounts and structured the purchases of high-end real estate investments, under limited liability corporations, in an effort to conceal his real net worth and income. Jhaveri also made false statements during his annual reviews with the SBA and in his income tax filings.

GSA Building Maintenance Contractor Indicted for Service-Disabled Veteran-Owned Small Business Fraud

On July 23, 2015, a federal grand jury in the Eastern District of Missouri indicted the owner of a building maintenance company for wire fraud, false statements and theft of government property in connection with a service-disabled veteran-owned small business (SDVOSB) fraud scheme. An investigation by the GSA OIG, the FBI, and the VA OIG uncovered evidence that the owner and other conspirators paid a service-disabled veteran approximately \$500 a month to use his veteran status to obtain \$8.7 million in GSA janitorial services contracts at a federal building in St. Louis, Missouri. The conspirators completely controlled the company that was supposed to be run by the veteran, and they collected all of the contract profits.

Individual Indicted and Arrested for Scheme to Defraud a Widow of Inheritance

On April 8, 2015, agents made an arrest based upon a March 18, 2015, indictment charging the subject with wire fraud and filing a false tax return. A joint investigation with the CGIS and IRS CID uncovered evidence that the subject used the purchase of a decommissioned U.S. Coast Guard ship through GSA Auctions to defraud an elderly widow in Virginia. The indictment alleges that the subject was the winning bidder for the ship through GSA Auctions; he then convinced the widow to pay approximately \$600,000 for the vessel, under the theory that they would enter into a business relationship to operate it. The subject then repeatedly demanded additional money to maintain and repair the vessel. The widow ultimately provided the subject with over \$400,000 in additional funds, which the subject spent for personal use, and failed to report on his federal tax return.

Contract Employee Sentenced for Theft of Government Property

On May 11, 2015, Jose A. Sierra pleaded guilty to theft, following a joint investigation with the FBI and AFOSI that revealed that he stole government property while working for a GSA contractor. On September 10, 2015, he was sentenced to 20 months' confinement and three years' supervised release, and ordered to pay \$393,300 in restitution. Sierra's former employer, URS Federal Technical Services, provided warehousing, staging, and global shipment services for information technology infrastructure materials. Sierra's email account contained information on sales to third parties, and he confessed to selling government property valued at approximately \$380,000.

Fleet Card Fraud

Former Employee of Army Contractor Pleaded Guilty to Theft

On September 23, 2015, Ruben Sotelo, a former employee of Tatitlek Training Services, Inc., a contractor at Fort Bliss in El Paso, Texas, pleaded guilty to theft stemming from his fraudulent use of a fleet credit card. The loss to the government was estimated to be over \$26,000. The GSA Fleet Loss Prevention Team noted anomalies with the card and contacted the GSA OIG. Agents interviewed Sotelo and Ricky Gomez, who both confessed to purchasing fuel for their personal vehicles as well as selling fuel to other individuals. Gomez previously pleaded guilty and was sentenced for theft and conspiracy to commit theft.

Former U.S. Army Contractor Pleaded Guilty to Theft

On July 23, 2015, former U.S. Army Contractor Anthony Krause pleaded guilty to state theft charges and agreed to pay \$10,332 in restitution in El Paso County, Colorado. Krause confessed to fraudulently using a GSA Fleet Credit Card for personal gain for approximately six months, at an estimated loss to the government of \$10,500. Krause obtained the credit card from a fleet vehicle assigned to the Department of Public Works in Fort Carson, Colorado, where he was previously employed. GSA OIG worked with Army CID MPFU during this investigation.

Former USDA Employee Pleaded Guilty to Theft

On July 8, 2015, Mark Hoskins, a former USDA employee, was sentenced in U.S. District Court in Denver, Colorado, to one year of probation and ordered to pay \$6,800 in restitution. Hoskins had confessed to using multiple GSA Government Fleet Credit Cards assigned to USDA vehicles for personal gain, and been indicted on 37 counts of theft of government property.

Confederated Tribes of Warm Springs Tribal Member Charged for GSA Government Fleet Credit Card Fraud

On June 25, 2015, the U.S. Attorney's Office for the District of Oregon filed an information charging a tribal member with theft. The GSA Fleet Loss Prevention Team identified suspicious transactions associated with multiple fleet cards assigned to GSA vehicles leased to the Confederated Tribes of Warm Springs, Oregon, and reported them to the GSA OIG, which undertook a joint investigation with the Warm Springs Police Department. The investigation uncovered evidence that a tribal member was taking fleet cards from GSA vehicles to purchase fuel for personal use, incurring approximately \$5,000 in fraudulent charges.

Engineering Supervisor at Arlington National Cemetery Convicted and Sentenced for Fraudulent Use of the GSA Government Fleet Credit Card

On July 31, 2015, Bobby Harris, a former Engineering Equipment Supervisor at Arlington National Cemetery, was sentenced to two years of supervised probation and nine days of confinement and ordered to pay a \$5,000 fine and \$5,354 in restitution. On April 17, 2015, Harris had pleaded guilty to theft stemming from the use of government fleet cards to fuel his personal vehicle. When interviewed, Harris admitted to making the unauthorized purchases. GSA OIG initiated an investigation after the GSA Loss Prevention Team identified suspicious transactions associated with a fleet credit card assigned to the U.S. Army at Arlington National Cemetery. Investigation determined that additional fleet cards were also used in the scheme.

U.S. Army Contractor Pleaded Guilty to Fraudulent Use of GSA Fleet Credit Card

On July 21, 2015, Scott Robinson, a former U.S. Army contractor, pleaded guilty to theft for his fraudulent use of three fleet credit cards assigned to the U.S. Army Garrison at Carlisle Barracks in Carlisle, Pennsylvania, following his March 18, 2015, indictment in U.S. District Court. An investigation determined that Robinson had fraudulently used the credit cards on numerous occasions to purchase approximately \$3,600 of fuel for his personal vehicles.

Former U.S. Army Contractor Pleaded Guilty to Fraudulent Use of GSA Government Fleet Credit Card

On July 22, 2015, Warren Iglesias, a former U.S. Army contractor, pleaded guilty to theft and was sentenced in federal district court to 36 months of probation and 300 hours of community service, and ordered to pay \$3,355 in restitution. In May 2014, the GSA Fleet Loss Prevention Team had notified the GSA OIG of possible fraudulent transactions associated with two fleet cards assigned to the U.S. Army Division of Veterinary Medicine at Forest Glen Annex in Silver Spring, Maryland. When interviewed, Iglesias admitted to using the credit cards to purchase fuel for his privately owned vehicle.

Police Officer for the Naval District Washington Convicted of Credit Card Fraud

On June 10, 2015, Corporal Justin Holley of the Naval District Washington Police pleaded guilty to theft and was sentenced by the district court to pay \$1,804 in restitution and a \$100 special assessment. The GSA OIG initially identified suspicious transactions associated with fleet credit cards assigned to the Walter Reed National Military Medical Center and began an investigation. Special agents reviewed video recordings of the transactions and were able to identify Holley purchasing items including cigarettes, food items and fuel for his personally owned vehicle at a Sunoco station located near the medical center. When interviewed, Holley admitted to making the fraudulent transactions.

Army Supply Technician Convicted of Credit Card Fraud

On April 15, 2015, Antoinette Jones, a Supply Technician with the Army Corps of Engineers, was sentenced to 12 months of supervised probation and 100 hours of community service, and ordered to pay \$1,603 in restitution, after pleading guilty to theft. Jones had been arrested by GSA OIG special agents on November 10, 2014, after an investigation revealed that she used a GSA fleet credit card to purchase food, drinks, cigarettes and fuel for her personal vehicles from several service stations. The investigation began when agents identified suspicious transactions on credit cards assigned to the Army Publication Depot in Hyattsville, Maryland. Jones admitted to the fraudulent transactions.

Marine Recruiter Sentenced for Misuse of GSA Government Fleet Credit Card

After the GSA Loss Prevention Team made a referral to the OIG regarding possible fraudulent transactions associated with a fleet credit card assigned to the U.S. Marine Corps Recruiting Office in Troy, Michigan, an investigation determined that between July 2014 and February 2015, Marine Recruiter Sergeant Stephen Smirnes used the card to purchase \$435 in fuel for his personally owned vehicle. On May 27, 2015, Sergeant Smirnes received non-judicial punishment of forfeiture of one month's pay, a reduction of rank, and 45 days' extra duty.

Army Sergeant Sentenced for Misuse of GSA Fleet Credit Card

A GSA OIG investigation determined that Sergeant Mitchell Sta Ana used a fleet credit card on numerous occasions to purchase fuel for his personal vehicle, after the GSA Loss Prevention Team reported suspicious activity on a fleet credit card assigned to the Rock Island Arsenal in Rock Island, Illinois. Sergeant Sta Ana pleaded guilty to one count of larceny of government funds and one count of failure to obey a lawful order or regulation. On April 29, 2015, Sta Ana received a non-judicial punishment of forfeiture of \$1,200, a reduction in rank, 45 days of extra duty, and a general discharge from the Army.

Sailor Discharged for Fleet Credit Card Fraud

In March 2015, the GSA Fleet Loss Prevention Team reported suspicious odometer readings and purchases of super unleaded fuel made with a fleet card assigned to a vehicle leased by the Hampton Roads U.S. Navy Training Support Center in Virginia Beach, Virginia. An investigation determined that Petty Officer Second Class Alfred Williams was fraudulently using the fleet card to purchase gasoline for his personally owned vehicle. On July 29, 2015, Williams received a non-judicial punishment of forfeiture of one month's pay, a reduction in rank, and administrative separation from the Navy with an Other Than Honorable Discharge.

WPA Investigations

As a direct result of the cooperative efforts between the OIG and the GSA Office of the Chief Architect's Fine Arts Program (FAP), a total of 54 lost pieces of Works Progress Administration (WPA) artwork were recovered during this reporting period. These pieces of American history are not subject to public sale, but their comparative value totals \$532,400. The FAP will be conserving the pieces before placing them on loan to institutions across the country for display. Since cooperative efforts between the OIG and FAP began in 2001, a total of 463 WPA pieces have been recovered,* with a comparative value of \$4,300,150.

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

WPA Artwork Recovery Proactive Initiative

The Pacific Rim Regional Office of Investigations has achieved significant results with initiatives designed to identify and locate missing, lost, and stolen WPA pieces. During the past six months, special agents recovered 12 WPA works, much of which was stored in the basement of the South San Francisco Library. (One of these items was damaged and destined for destruction.) Once the items were identified, the GSA Office of the Chief Architect's FAP executed a long-term loan agreement with the library for the 12 WPA paintings. Special Agents also recovered a piece that was exhibited in Monterey, California, and had been reported missing for over 40 years. While visiting the site, agents found three additional WPA pieces on display. The FAP also noticed two pieces missing from the original allocation memo. Special agents successfully tracked down the two remaining pieces at the California State Parks Museum in Sacramento, California. The artwork is collectively valued at \$142,000. The office is actively pursuing leads concerning other WPA artwork.

WPA Artwork Recovered from Portland Public Schools

On July 29, 2015, 16 WPA lithographs and silkscreens were recovered by GSA OIG special agents from a vault in the Portland Public Schools Administration Building in Portland, Oregon. This was part of an ongoing review of WPA artwork in the possession of the Portland Public Schools. The recovered pieces were identified and cataloged by the FAP, and Portland Public Schools were able to retain the artwork pursuant to a loan agreement with GSA.

WPA Print Recovered by OIG Special Agents after Attempt to Sell at Estate Sale

On June 18, 2015, a WPA painting titled "Portrait of a Farmer," by George Harris, was recovered after GSA personnel learned the painting was to be offered at an estate auction. An investigation revealed the painting was part of the New Deal program and is the property of the U.S. government. Special agents alerted the auction house to the painting's history and GSA's claim of title, and requested that it halt the sale. The family immediately agreed to cooperate and returned the painting.

WPA Artwork Recovered from the Clars Auction Gallery

A WPA artwork on auction was recovered after GSA received a tip about its origin in August 2015. Special agents identified a WPA stamp behind the protective backing of the watercolor painting. Once the painting was authenticated by the FAP, the auction house and consignor agreed to return the painting to GSA. The previous owner disclosed that the painting had recently been purchased at a yard sale.

Suspension and Debarment Initiative

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

During this reporting period, the OIG made 57 referrals for consideration of suspension or debarment to the GSA Office of Acquisition Policy. GSA issued 91 actions based on current and previous OIG referrals.

Integrity Awareness

The OIG presents Integrity Awareness Briefings nationwide to educate GSA employees on their responsibilities for the prevention of fraud and abuse. This period, we presented 34 briefings attended by 436 GSA employees, other government employees, and government contractors. These briefings explain the statutory mission of the OIG and the methods available for reporting suspected instances of wrongdoing. In addition, through case studies, the briefings make GSA employees aware of actual instances of fraud in GSA and other federal agencies and thus help to prevent their recurrence. GSA employees are the first line of defense against fraud, abuse, and mismanagement. They are a valuable source of successful investigative information.

Hotline

The OIG Hotline provides an avenue for employees and other concerned citizens to report suspected wrongdoing. Hotline posters located in GSA-controlled buildings encourage employees to use the Hotline. Our FraudNet electronic reporting system also allows internet submission of complaints. During the reporting period, we received 1,271 Hotline contacts. Of these, 88 were referred to GSA program officials for review and appropriate action, 27 were referred to other federal agencies, three were referred to the OIG Office of Audits, 22 were referred to the OIG Office of Inspections and Forensic Auditing, and 69 were referred internally for investigation or further review.

Office of Inspections and Forensic Auditing

Significant Inspections

The Office of Inspections and Forensic Auditing conducts systematic and independent assessments of the agency's operations, programs, and policies, and makes recommendations for improvement. Reviews involve on-site inspections, analyses, evaluations, and other techniques to provide information that is timely, credible, and useful for agency managers, policymakers, and others. Inspections may include an assessment of efficiency, effectiveness, impact, and sustainability of any agency operation, program, or policy. Inspections are performed in accordance with the Council of Inspectors General for Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

During this reporting period, the office issued five inspection reports with 18 recommendations impacting GSA program management, information and property security, and contracting officers' certifications and warrants.

Evaluation of GSA's Administration of the Army Childcare Subsidy Program

Report Number JE15-006, dated September 8, 2015

The Army Fee Assistance (AFA) program assists eligible Army families in reducing the cost of off-post childcare when on-post options are not available, or when geographically separated from on-post childcare options. Since 2003, GSA's Office of the Chief Financial Officer (OCFO) administered the AFA program based on Army guidelines for approximately 200 families who were enrolled in federal childcare centers. On April 3, 2014, GSA agreed to expand its administration of the Army program to include families in private childcare centers, a projected increase of an additional 9,000 families.

The Office of Inspections and Forensic Auditing initiated an evaluation of GSA's administration of the AFA program with the objective to assess the adequacy of GSA's processes, procedures, and controls over the program. We found that GSA was poorly prepared for the scale of the expanded program and GSA's systems for processing applications and invoices were overwhelmed by the massive increase in workload. As a result, GSA developed a significant backlog of over 25,900 childcare subsidy actionable items awaiting processing by July 2015. Furthermore, GSA never intended to commit to the subsidy program long-term, as the plan had been to ensure its transfer, along with other GSA programs to the U.S. Department of Agriculture (USDA).

To address these findings, we recommended the following actions to the GSA Chief Financial Officer:

- > GSA should establish a plan, with performance indicators, benchmarks, and implementation strategies to eliminate the backlog, achieve customer service timelines satisfactory to the Army, and ensure the security of Army families' sensitive information.
- > To avoid further disruption to Army families in the event the program is transitioned to USDA, GSA should obtain USDA and Army agreement on conditions for program transfer.

During the course of the evaluation, we became aware of critical issues that required immediate corrective action. We issued Management Alert Report, Army Fee Assistance Program: Army Families' Sensitive Information at Risk (Report Number JE15-003, dated April 27, 2015), which found GSA experienced significant challenges during the expansion of its administration of the AFA program. In order to address these challenges, GSA hired more contractors and, in an effort to bring them onboard quickly, granted them special exceptions to begin work without having completed the initial background investigation process. These contractors were given access to GSA networks and systems containing the Army families' sensitive information and personally identifiable information (PII) before initial background investigations were complete. Examples of sensitive information and PII contained in these systems include federal tax returns, current active duty orders, pay statements, and school schedules. GSA also did not ensure that contractors completed required training and non-disclosure agreements, did not consistently apply criteria in allowing them to access PII remotely, and did not have any formal standard procedures in place to validate the identity of callers before discussing sensitive childcare information.

To address these findings, we recommended the following actions to the GSA Chief Financial Officer:

- > GSA should enforce its policy CIO P 2181.1, Homeland Security Presidential Directive-12 Personal Identity Verification and Credentialing, October 20, 2008, that states access to moderate-impact applications that contain Privacy Act information should be restricted until full access is granted after the appropriate personnel investigation is completed with favorable results.
- > GSA should enforce its training requirements for contractors handling PII and take immediate action to ensure all childcare subsidy program contractors have completed the required training.
- > GSA should ensure that required non-disclosure agreements are signed by contractors before beginning work.
- > GSA should consistently apply criteria for determining when it is appropriate for personnel to work remotely with PII and other sensitive information.
- > GSA should establish standard procedures to verify the identification of callers before any childcare information is discussed via phone.

The reports garnered media attention and were the subjects of a Congressional hearing in September.

Limited Evaluation of GSA Surplus Firearm Donation Program: Inadequate Controls May Leave Firearms Vulnerable to Theft, Loss, and Unauthorized Use

Report Number JE15-004, dated June 12, 2015

The Federal Property and Administrative Services Act of 1949, as amended, requires executive agencies to report to GSA excess property available for transfer to other federal agencies. Property not transferred may then be donated as surplus to state and local public agencies. Revisions to federal property management regulations in July 1999 allowed the donation of surplus firearms to eligible law enforcement agencies (LEAs) whose primary function is the enforcement of applicable federal, state, and/or local laws, and whose compensated law enforcement officers have powers to apprehend and arrest. Excess firearms become available for donation when they are no longer required for the needs of any federal agency. The first GSA surplus firearm donation to a LEA was made in November 1999.

In October 2014, the Office of Inspections and Forensic Auditing began an evaluation of GSA's surplus firearm donation program. The evaluation found the firearm donation program's data management controls are inadequate to the needs of the program. The program relies on paper records that do not facilitate sorting and compiling information for analysis, and reports generated from the program's web-enabled platform that are out-of-date, inconsistent, and incomplete. Inventory records provided by GSA were not complete or accurate, increasing the risk that donated firearms are unmonitored and vulnerable to theft, loss, or unauthorized use. Additionally, inventory procedures were inconsistent and GSA had not provided guidance or oversight to program participants to strengthen the inventory process and ensure donated firearms were properly used and accounted for.

To address these findings, we recommended the following actions to the FAS Commissioner:

- > GSA should implement a data management system, or improve GSAXcess, to facilitate program maintenance, reporting, and oversight.
- > GSA should implement a comprehensive inventory review process.
- > GSA should periodically provide to State Agencies for Surplus Property (SASPs) complete and accurate inventories of donated firearms for their reconciliation to LEA-reported inventories.
- > GSA should implement standardized procedures for conducting and reporting inventories of donated firearms.

Evaluation of GSA Personal Property Management Division Operations at the Springfield, Virginia Warehouse

Report Number JE15-005, dated July 28, 2015

FAS Personal Property Management Division (PPMD) distributes, donates, and sells federal excess and surplus personal property, located in GSA's Springfield, Virginia, warehouse facility. Personal property is made available for donation to state agencies and non-profit organizations when it is not selected for transfer to another federal agency. If the property is not transferred or donated, but has been determined to have value (including scrap value), it is then offered for sale to the general public.

PBS manages the approximately one million square foot warehouse facility. FAS's PPMD leases part of the warehouse from PBS for its excess and surplus property operations, while PBS leases the remaining area to other federal tenants.

The Office of Inspections and Forensic Auditing assessed the adequacy of PPMD's controls in order to safeguard personal property at its Springfield warehouse operations. Our evaluation was initiated in early FY2014, but was suspended several times due to emerging concerns having higher priority.

To address these findings, we recommended the following actions to the FAS Commissioner:

- > GSA should establish a Facility Security Committee at the Springfield warehouse facility.
- > PPMD should develop facility-specific security requirements and submit them to the Facility Security Committee for consideration as an Agency Specific Addendum for inclusion in the Federal Protective Service's Post Orders.
- > Surveillance cameras should clearly record critical identifying information, including vehicle license plates. Surveillance video should be monitored regularly to ensure that it is operating properly.
- > PPMD should consider additional internal physical security measures to adequately control access to personal property.
- > PPMD should consider automating its current paper-driven inventory tracking system for accessing and monitoring high value property inventory.

Limited Scope Evaluation: GSA Office of Administrative Services Contracting Officer Warrants and FAC-C Certifications

Report Number JE15-007, dated September 25, 2015

The Office of Inspections and Forensic Auditing conducted a limited scope evaluation of contracting officer warrants and Federal Acquisition Certifications in Contracting designations held by acquisition personnel within the GSA Office of Administrative Services (OAS). The objective of this limited scope evaluation was to assess whether OAS contracting officers holding a FAC-C Level III certification complied with the core requirements for education, training, and experience under the FAC-C Program applicable to all executive federal agencies with warranted contracting officers, except Department of Defense.

Our evaluation found a weakness in the Federal Acquisition Institute Tracking Application System (FAITAS) that permits acquisition professionals to improperly select and designate their approving supervisor. We also identified instances where there was either no record or insufficient documentation supporting evidence of a contracting officer's training.

To address these findings, we recommended the following actions to the GSA Chief Administrative Services Officer:

- > GSA should establish FAITAS system controls to ensure that contracting officers no longer have unlimited discretion in selecting a supervisor for approving their actions.
- > OAS should ensure that their contracting officers' training continuous learning points (CLPs) have been properly updated in FAITAS in order to maintain their FAC-C certifications without lapse.

Government-wide Policy Activities

Government-wide Policy Activities

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

Legislation, Regulations, and Subpoenas

During this reporting period, the OIG reviewed numerous legislative matters and proposed regulations. We also responded to requests from Members of Congress on behalf of their constituents as well as Congressional committees. The OIG also made substantive comments on several proposed laws and regulations. Additionally, we issued 25 subpoenas in support of our audit, inspection, evaluative, and investigative work.

Interagency and Intra-agency Committees and Working Groups

- > **Council of the Inspectors General on Integrity and Efficiency (CIGIE).** The IG is a member of the Investigations Committee. The IG is also the liaison between CIGIE and the Federal Chief Acquisition Officers Council. Through CIGIE, we also participate in the following organizations:
 - **CIGIE Disaster Assistance Working Group.** As a member, the GSA OIG works with the Group to share information, identify best practices, and participate on an ad hoc basis with other governmental entities to prevent, detect, and remediate waste, fraud, and abuse related to Federal disaster response and assistance.
 - **Federal Audit Executive Council Information Technology Committee.** The Office of Audits participates in the Federal Audit Executive Council (FAEC) Information Technology Committee. This Committee provides a forum to share information and coordinate audits of significant IT issues with the OIG community and the federal government. The committee also develops and recommends best practices to be used by OIGs in addressing IT issues.

- **Federal Audit Executive Council Digital Accountability and Transparency Act Working Group.** The Office of Audits participates in the FAEC Digital Accountability and Transparency Act (DATA Act) working group. The working group's mission is to assist the IG Community in understanding and meeting its DATA Act oversight requirements by: (1) serving as a working level liaison with the Department of the Treasury, (2) consulting with the Government Accountability Office, (3) developing a common review approach and methodology, and (4) coordinating key communications with other stakeholders. The Office of Audits participates to stay abreast of the latest DATA Act developments in order to monitor the agency's implementation of the DATA Act.
- **CIGIE IT Committee.** The Office of Audits participates in the CIGIE Information Technology Committee. This committee facilitates effective IT audits, evaluations, and investigations and provides a vehicle to express the IG community's perspective on government-wide IT operations. The Office of Audits was one of 19 offices that participated in a recent initiative to review agency cloud computing efforts across the federal government.
- **CIGIE Inspections and Evaluations Roundtable.** The Office of Inspections and Forensic Auditing participates in the CIGIE Inspections and Evaluations Roundtable. This roundtable provides a forum to share information and coordinate issues of importance with the OIG inspections and evaluations community.
- > **TeamMate Technical Support Group.** As part of our mission to address some of the complex integration and security issues surrounding E-Gov and the use of information technology, the TeamMate Technical Support Group participates in the TeamMate Federal Users Group and the Commerce Clearing House TeamMate Users Group to discuss concerns and challenges facing TeamMate users. TeamMate is an automated audit workpaper management system that strengthens the audit process, increases the efficiency and effectiveness of our auditors and audits, and ultimately leads to more robust, quality audit products.
- > **Information Assurance Committee.** The Office of Audits participates in the Office of the GSA IT's Information Assurance Committee. This committee oversees the development and implementation of enterprise security policy and makes recommendations on GSA's IT security policies. The committee is comprised of representatives with information security responsibilities from the PBS, FAS, and staff offices. The OIG participates to monitor the progress of the agency in meeting its information security performance metrics and goals.

Appendices

Appendix I – Significant Audits from Prior Reports

GSA's audit management decision process assigns responsibility for tracking the implementation of audit recommendations after a management decision has been reached to its Office of Administrative Services and Office of the Chief Financial Officer. These offices furnished the following status information.

Prior semiannual reports to the Congress included 11 reports with recommendations that have not yet been fully implemented. These recommendations are being implemented in accordance with currently established milestones.

PBS's Identification and Management of Environmental Risks Need Improvement

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

Our objective was to determine whether or not PBS has the appropriate procedures in place to identify, quantify, and manage environmental contamination in accordance with government orders, laws, and PBS guidance. If not, determine whether PBS facilities, tenants, and/or the surrounding environment are at risk. We made four recommendations, which have not been implemented.

The recommendations involve developing a system or framework to collect environmental risk data for PBS buildings and facilities to enable the Environmental Division and regional management to manage and report on environmental risks and liabilities; ensuring that environmental compliance audits or equivalent surveys are conducted to identify risk factors for each PBS facility and are updated as needed, and establishing policies to ensure the environmental compliance audits or surveys are consistent across the regions and findings are addressed; establishing and enforcing consistent environmental management practices across the regions; and incorporating environmental management responsibilities into tenant occupancy agreements, particularly in cases where the tenant's activities pose a greater risk to the environment. The recommendations are scheduled for completion by December 31, 2015.

Existing Practices Hinder PBS's Management of Transition Assets

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

Our objectives were to determine if PBS developed strategies and action plans in a timely manner for transition assets; if the strategies and plans were implemented effectively; and evaluate the reasons behind any assets that remained in the transition status for extended periods of time. We made four recommendations; one has not been implemented.

The remaining recommendation involves implementing an original classification date as part of the core asset analysis holding period to assist management in monitoring the amount of time needed to achieve transition strategies. The recommendation is scheduled for completion by December 31, 2015.

PBS NCR Potomac Service Center Violated Federal Regulations When Awarding and Administering Contracts

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

Our objective was to determine whether the PBS National Capital Region's Potomac Service Center followed current procurement regulations and policies for ordering and accepting goods and services. We made four recommendations, which have not been implemented.

The recommendations involve developing, implementing, and maintaining the management controls necessary to ensure that: PBS National Capital Region is not procuring or participating in personal services contracts; contract extensions and modifications are handled in accordance with the Federal Acquisition Regulation; all contractor employees accessing GSA facilities have proper security clearances prior to site access and background check information is shared with, and retained by, contract and project management staff; and contract prices are finalized timely to reduce the risk of contractor performance issues. The recommendations are scheduled for completion by October 30, 2015.

GSA's Program for Managing Virtual Employees and Teleworkers Needs Improvement

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

Our objective was to determine whether GSA has sufficient controls over its program for virtual employees and teleworkers to ensure compliance with laws, regulations, policies, and procedures. We made six recommendations, which have not been implemented.

The recommendations involve implementing controls to ensure compliance with GSA CPO IL-12-04, specifically ensuring all virtual employees have properly approved arrangements; verifying official duty stations for all virtual employees and correcting any errors, including collection of amounts owed or payment of amounts due; enhancing controls over timekeeping, specifically ensuring that GSA employees and timekeepers correctly record telework time; enhancing controls over transit subsidies, specifically reviewing approved transit subsidy recipients to ensure that virtual employees are not receiving transit benefits and collect any over-payments from the employees; ensuring that GSA employees complete required telework training in accordance with GSA policy prior to beginning or continuing to telework; and incorporating the requirements of CPO IL-12-04 into required telework training courses. The recommendations are scheduled for completion by November 15, 2015.

Personally Identifiable Information Unprotected in GSA's Cloud Computing Environment

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

Our objectives were to determine if GSA has identified and remedied all instances of sensitive data access control vulnerabilities within GSA's cloud computing environment, as well as determining how to prevent additional instances in the future. We made eight recommendations; five have not been implemented.

The contents of our report were restricted to those with an official need to know. The recommendations are scheduled for completion by November 15, 2015.

GSA's Process for Allocating Vehicles Needs to be Improved

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

Our objectives were to determine if the Office of Administrative Services completed GSA's vehicle allocation methodology in accordance with GSA Bulletin Federal Management Regulation B-30; and controls are in place to ensure that the Office of Administrative Services enters accurate vehicle allocation methodology data for GSA vehicles into the Federal Automotive Statistical Tool system. We made two recommendations, which have not been implemented.

The recommendations involve developing, implementing, and documenting processes to increase Vehicle Utilization Survey response rates and ensure adequate follow-up with non-respondents, while documenting any follow-up activities in the GSA Fleet Drive Thru system; and conducting an assessment to determine the program impact of having numerous vehicle allocation methodology duties and responsibilities performed by one individual. The recommendations are scheduled for completion by February 29, 2016.

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

Period First Reported: April 1, 2014, to September 30, 2014

Our objectives were to determine if FAS Contracting Officer's Representatives are certified, designated, and developed in accordance with the Office of Federal Procurement Policy's Federal Acquisition Certification for Contracting Officer's Representatives (COR) program and applicable GSA guidance; and whether the COR certification program is effectively managed to ensure consistency and transparency. We made six recommendations; one has not been implemented.

The remaining recommendation involves establishing guidelines for evaluating training courses for credit towards continuous learning points achievement requests, and controls to ensure COR complete FAS-required training courses. The recommendation is scheduled for completion by November 30, 2015.

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

Period First Reported: April 1, 2014, to September 30, 2014

Our objectives were to determine whether the Network Services Division is effectively managing its workload to ensure that Regional Local Telephony Contracts in the Northeast and Caribbean Region are administered efficiently and timely; and that customers are billed at agreed-upon rates. We made five recommendations; three have not been implemented.

The remaining recommendations involve developing and implementing an on-the-job training plan to assist less experienced IT Managers in acquiring the skills necessary to administer contracts regardless of complexity; requiring Network Services Division to establish formal agreements with customer agencies that set terms and conditions, and outlines all pricing components; and implementing a policy that requires full disclosure of all administrative surcharges by clearly itemizing customer invoices. The recommendations are scheduled for completion by October 30, 2015.

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

Period First Reported: April 1, 2014, to September 30, 2014

Our objectives were to determine whether conditions identified in a prior audit report were corrected under the new contract and whether internal controls effectively prevent procurement errors. We made nine recommendations; four have not been implemented.

The remaining recommendations involve ensuring objectivity in exercising current contract options or awarding a future contract; determining if International Trade Center operations can be made self-sustaining; addressing payment of duplicative costs by recovering \$186,894 in duplicative monies paid to Trade Center Management Associates for activation activities and construction management services; and improving processes for evaluating contractor performance. The recommendations are scheduled for completion by November 30, 2015.

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

Period First Reported: April 1, 2013, to September 30, 2013

Our objective was to determine if GSA's controls over Reimbursable Work Authorizations, as implemented by the National Capital Region, ensure compliance with applicable polices and laws. We made two recommendations; one has not been implemented.

The remaining recommendation involves developing and implementing a plan to ensure controls are consistently applied at all National Capital Region service centers and identifying internal control system weaknesses to improve Reimbursable Work Authorization management. The recommendation is scheduled for completion by October 30, 2015.

Audit of the General Services Administration's Fiscal Year 2013 Financial Statements

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

Our objective was to conduct an audit of the individual September 30 balance sheets of the Federal Buildings Fund and the Acquisition Services Fund for fiscal years 2012 and 2013, and the related individual statements of net cost and changes in net position, and combining statements of budgetary resources. The report contained 82 recommendations; 4 have not been implemented.

The remaining recommendations involve realignment of financial accounting and reporting personnel to devote more resources to technical accounting issue resolution; issuing formal policies and procedures that establish effective internal controls over the monitoring of reimbursable agreements; performing procedures to ensure all obligations are captured and accurately recorded in the financial management system; and implementing agency-wide policies and procedures to manage all contractors, including maintaining information on contractors. The recommendations are scheduled for completion by April 30, 2016.

Appendix II – Audit and Inspection Report Register

DATE OF REPORT	REPORT NUMBER	TITLE	FINANCIAL RECOMMENDATIONS	
			FUNDS BE PUT TO BETTER USE	QUESTIONED (UNSUPPORTED) COSTS
(Note: Because some audits pertain to contract awards or actions that have not yet been completed, the financial recommendations related to these reports are not listed in this Appendix.)				
PBS INTERNAL AUDITS				
06/30/15	A130129	PBS NCR Triangle Service Center Violated Federal Regulations and GSA Policy When Awarding and Administering Contracts		
08/26/15	A150039	Implementation Review of Action Plan: Audit of the Public Buildings Service, Southeast Sunbelt Region's Lease Administration Practices Report Number A120023/P/4/R12011, September 27, 2012		
09/30/15	A150040	Implementation Review of Action Plan: PBS Did Not Support Scope Changes and Pricing for Contract Modifications on the Mariposa Land Port of Entry Recovery Act Project, Report Number A120174/P/R/R14005, dated September 25, 2014		
09/30/15	A140024	Oversight and Safety Issues at the PBS Michigan Service Center		
PBS CONTRACT AUDITS				
04/30/15	A140144	Limited Scope Postaward Examination: Integrity Management Consulting, Inc., GSA Contract Number GS-10F-0186U, BPA Number GS-23F-ST001, Task Order Number GS-P-00-11-CY-0012		\$30,958
05/08/15	A140142	Examination of a Final Settlement Proposal: Balfour Beatty Construction, LLC, Contract Number GS-03P-10-CD-C-0061		
07/20/15	A150112	Examination of a Final Settlement Proposal: Mascaro Construction Company L.P., Contract Number GS-03P-09-CD-C-0059		
07/27/15	A150023	Examination of a Request for Equitable Adjustment: Wayne J. Griffin Electric, Inc., Subcontractor to Columbia Construction Company, Contract Number GS-01P-09-BZ-C-0014		
08/19/15	A150067	Examination of a Request for Equitable Adjustment: Limbach Company, LLC, Subcontractor to Columbia Construction Company, Contract Number GS-01P-09-BZ-C-0014		
09/01/15	A150121	Examination of a Request for Equitable Adjustment: H. Carr & Sons, Inc., Subcontractor to Columbia Construction Company, Contract Number GS-01P-09-BZ-C-0014		
09/14/15	A150124	Examination of a Final Settlement Proposal: Swinerton Builders, Contract Number GS-09P-09-KT-C-0103		
FAS INTERNAL AUDITS				
04/15/15	A150119	Implementation Review of Action Plan: Applicability of Price Reductions Over the Maximum Order Threshold, Report Number A130068/Q/3/P13002, April 26, 2013		
06/26/15	A140008	FAS Needs to Strengthen its Training and Warranting Programs for Contracting Officers		

DATE OF REPORT	REPORT NUMBER	TITLE	FINANCIAL RECOMMENDATIONS	
			FUNDS BE PUT TO BETTER USE	QUESTIONED (UNSUPPORTED) COSTS
FAS CONTRACT AUDITS				
04/10/15	A130119	Limited Scope Postaward Examination of Multiple Award Schedule Contract: Millennium Computer Products, Contract Number GS-35F-0889N		
04/13/15	A140083	Preaward Examination of Multiple Award Schedule Contract Extension: Arcadis U.S., Inc., Contract Number GS-10F-0266K		
04/15/15	A140036	Preaward Examination of Multiple Award Schedule Contract Extension: VSE Corporation, Contract Number GS-10F-0096V		\$12,908
06/01/15	A140051	Preaward Examination of Multiple Award Schedule Contract Extension: I.M. Systems Group, Inc., Contract Number GS-10F-0037R		\$63,222
06/03/15	A140059	Preaward Examination of Multiple Award Schedule Contract Extension: BAE Systems Information Solutions Inc., Contract Number GS-35F-0045K		\$48,663
06/10/15	A140074	Preaward Examination of Multiple Award Schedule Contract Extension: TASC, Inc., Contract Number GS-23F-0008K		\$1,886,901
06/19/15	A140154	Preaward Examination of Multiple Award Schedule Contract Extension: Partnet, Inc., Contract Number GS-35F-0195W		\$1,530,526
06/26/15	A140085	Preaward Examination of Multiple Award Schedule Contract Extension: Dynamic Systems, Inc., Contract Number GS-35F-0209R		
07/06/15	A150061	Preaward Examination of Multiple Award Schedule Contract Extension: Government Scientific Source, Inc., Contract Number GS-07F-5934R		
07/08/15	A150071	Preaward Examination of Multiple Award Schedule Contract Extension: CAS, Inc., Contract Number GS-23F-0002L		\$21,171
07/14/15	A150003	Preaward Examination of Multiple Award Schedule Contract Extension: Raydon Corporation, Contract Number GS-02F-0154R		
07/14/15	A150007	Preaward Examination of Multiple Award Schedule Contract Extension: Lockheed Martin Aspen Systems Corporation, Contract Number GS-23F-0192K		
07/17/15	A150076	Preaward Examination of Multiple Award Schedule Contract Extension: Paragon Systems, Inc., Contract Number GS-07F-0418K		
07/29/15	A150053	Preaward Examination of Multiple Award Schedule Contract Extension: Creative Computing Solutions, Inc., Contract Number GS-10F-0425R		\$119,373
07/30/15	A150058	Preaward Examination of Multiple Award Schedule Contract Extension: Stanley Security Solutions, Inc., Contract Number GS-07F-5835R		
07/30/15	A150008	Preaward Examination of Multiple Award Schedule Contract Extension: Savantage Financial Services, Inc., Contract Number GS-35F-0444K		
08/04/15	A140070	Preaward Examination of Multiple Award Schedule Contract Extension: MacAulay-Brown, Inc., Contract Number GS-23F-0127K		
08/11/15	A150117	Preaward Examination of Multiple Award Schedule Contract Extension: ECS Federal, Inc., Contract Number GS-35F-0601K		\$193,193
08/12/15	A140129	Preaward Examination of Multiple Award Schedule Contract Extension: Government Acquisitions, Inc., Contract Number GS-35F-0779J		
08/13/15	A100218	Limited Scope Postaward Examination of Multiple Award Schedule Contract: Geneva Worldwide, Inc., Contract Number GS-10F-0109P		\$230,899

DATE OF REPORT	REPORT NUMBER	TITLE	FINANCIAL RECOMMENDATIONS	
			FUNDS BE PUT TO BETTER USE	QUESTIONED (UNSUPPORTED) COSTS
08/21/15	A140131	Preaward Examination of Multiple Award Schedule Contract Extension: Executive Information Systems, LLC., Contract Number GS-35F-0170K		
08/26/15	A140141	Preaward Examination of Multiple Award Schedule Contract Extension: BLB Resources, Inc., Contract Number GS-23F-0021V		\$432,912
09/03/15	A150006	Preaward Examination of Multiple Award Schedule Contract Extension: Stratus Consulting, Inc., Contract Number GS-10F-0299K		
09/15/15	A140086	Preaward Examination of Multiple Award Schedule Contract Extension: Inter-Con Security Systems, Inc., Contract Number GS-07F-5576R		
09/23/15	A140079	Preaward Examination of Multiple Award Schedule Contract Extension: CACI, INC.--FEDERAL, Contract Number GS-10F-0226K		
09/29/15	A120173	Postaward Examination of Multiple Award Schedule Contract: Dell Marketing, L.P., Contract Number GS-35F-4076D		\$14,288,465
09/30/15	A150002	Preaward Examination of Multiple Award Schedule Contract Extension: Government Contract Solutions, Inc., Contract Number GS-10F-0362R		\$70,640
OTHER INTERNAL AUDITS				
05/01/15	A150021	GSA Did Not Comply with the Improper Payments Elimination and Recovery Act for FY 2014		
08/13/15	A150041	Implementation Review of Action Plan: Improper Management Intervention in Multiple Award Schedule Contracts Federal Supply Schedule 70 - Information Technology Contracts, Federal Acquisition Service A120161/Q/6/P13003 Dated June 4, 2013		
09/25/15	A150038	Implementation Review of Action Plan: PBS Did Not Follow Internal Guidance for Congressional Notification and Violated Competition Requirements When Supplementing Funding of Recovery Act Projects, Report Number A120111/P/R/R14001, March 17, 2014		

Inspection Reports

OFFICE OF THE CHIEF FINANCIAL OFFICER				
04/27/2015	JE15-003	Management Alert Report: Army Fee Assistance Program: Army Families' Sensitive Information at Risk		
09/08/2015	JE15-006	Evaluation of GSA's Administration of the Army Childcare Subsidy Program		
FEDERAL ACQUISITION SERVICE				
06/12/2015	JE15-004	Limited Evaluation of GSA Surplus Firearm Donation Program: Inadequate Controls May Leave Firearms Vulnerable to Theft, Loss, and Unauthorized Use		
07/28/2015	JE15-005	Evaluation of GSA Personal Property Management Division Operations at the Springfield, Virginia Warehouse		
OFFICE OF ADMINISTRATIVE SERVICES				
09/16/2015	JE15-007	Limited Scope Evaluation: GSA Office of Administration Services Contracting Officer Warrants and FAC-C Certifications		

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.

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

DATE OF REPORT	REPORT NUMBER	TITLE
CONTRACT AUDITS		
08/24/10	A090140	Postaward Review of Multiple Award Schedule Contract: Systems Research and Applications Corporation, Contract Number GS-35F-0735J
01/27/11	A100075	Preaward Review of Multiple Award Schedule Contract Extension: Cort Business Services Corporation, Contract Number GS-28F-7018G
05/16/11	A110063	Postaward Examination of Multiple Award Schedule Contract Number GS-35F-0554K for the period January 1, 2008 to December 31, 2010: IntelliDyne, LLC
07/07/11	A100140	Preaward Review of Multiple Award Schedule Contract Extension: Veterans Imaging Products, Inc., Contract Number GS-14F-0005L
07/28/11	A110088	Postaward Examination of Multiple Award Schedule Contract Number GS-07F-6028P for the Period January 1, 2009, to December 31, 2010: Global Protection USA, Inc.
08/03/11	A100119	Preaward Review of Multiple Award Schedule Contract Extension: Noble Sales Co., Inc., Contract Number GS-06F-0032K
08/15/11	A110180	Examination of Architect and Engineering Services Contract: RTKL Associates, Inc., Contract Number GS-11P-11-MK-C-0045
09/09/11	A110067	Preaward Examination of Multiple Award Schedule Contract Extension: Clifton Gunderson, LLP, Contract Number GS-23F-0135L
09/15/11	A110174	Postaward Examination of Multiple Award Schedule Contract Number GS-07F-9029D for the Period March 5, 2010 to July 31, 2011: Protective Products Enterprises
12/07/11	A110176	Preaward Examination of Multiple Award Schedule Contract Extension: Fontaine Trailer Company, Incorporated, Contract Number GS-30F-0018T
12/27/11	A110191	Preaward Examination of Multiple Award Schedule Contract Extension: Paradigm Technologies, Inc., Contract Number GS-23F-0023T
01/23/12	A110186	Preaward Examination of Multiple Award Schedule Contract Extension: BRSI, L.P., Contract Number GS-23F-0186L
03/02/12	A120021	Preaward Examination of Multiple Award Schedule Contract Extension: Presidio Networked Solutions, Inc., Contract Number GS-35F-4554G
06/29/12	A110169	Postaward Examination of Multiple Award Schedule Contract: Oce North America, Inc., Contract Number GS-25F-0060M for the Period October 1, 2006 through March 31, 2011

DATE OF REPORT	REPORT NUMBER	TITLE
07/17/12	A120136	Examination of a Claim: Lenex Steel Company, Contract Number GS-05P-02-GB-C-0089
08/15/12	A110209	Preaward Audit of Multiple Award Schedule Contract Extension: Proper International Sales, Inc., Contract Number GS-07F-0228M
08/21/12	A120083	Examination of a Change Order Proposal: M.A. Mortenson Company, Contract Number GS-08P-09-JFC-0010
10/16/12	A120071	Preaward Examination of Multiple Award Schedule Contract Extension: ICF Z-Tech, Inc., Contract Number GS-35F-0102M
10/17/12	A120148	Examination of Change Order Proposal: Siemens Industries, Inc., Subcontractor to Whiting-Turner/Walsh JV, Contract Number GS-11P-10-MKC-0025
11/21/12	A120155	Preaward Examination of Multiple Award Schedule Contract Extension: Avion Solutions, Inc., Contract Number GS-00F-0082N
12/06/12	A110147	Preaward Audit of Multiple Award Schedule Contract Extension: Xerox Corporation, Contract Number GS-25F-0062L
01/24/13	A120150	Preaward Examination of Multiple Award Schedule Contract Extension: Grant Thornton LLP, Contract Number GS-23F-8196H
01/30/13	A120165	Examination of Conversion Proposal: Skanska USA Building, Inc., Contract Number GS-04P-09-EX-C-0078
02/28/13	A120095	Preaward Examination of Multiple Award Schedule Contract Extension: Military Personnel Services Corporation, Contract Number GS-10F-0234M
03/05/13	A120178	Preaward Examination of Multiple Award Schedule Contract Extension: VT Aepco, Inc., Contract Number GS-23F-0191N
03/20/13	A120147	Preaward Examination of Multiple Award Schedule Contract Extension: Harris Corporation, RF Communications Division, Contract Number GS-35F-0163N
03/21/13	A120109	Preaward Examination of Multiple Award Schedule Contract Extension: ICF Macro, Inc., Contract Number GS-23F-9777H
03/28/13	A130034	Examination of Claim: Caddell Construction Co., Inc., Contract Number GS-05P-02-GBC-0089
03/29/13	A120127	Preaward Examination of Multiple Award Schedule Contract Extension: General Dynamics Information Technology, Inc., Contract Number GS-23F-8049H
04/17/13	A120162	Preaward Examination of Multiple Award Schedule Contract Extension: Kforce Government Solutions, Inc., Contract Number GS-23F-9837H
05/13/13	A130047	Examination of a Request for Equitable Adjustment: Skanska USA Building, Inc., Contract Number GS-04P-09-EX-C-0076
05/22/13	A120175	Preaward Examination of Multiple Award Schedule Contract Extension: STG Inc., Contract Number GS-35F-4951H
05/29/13	A100160	Limited Scope Postaward Examination of Multiple Award Schedule Contract: i2, Incorporated, Contract Number GS-35F-0241J for the Period July 1, 2004 through December 31, 2009
06/03/13	A120113	Preaward Examination of Multiple Award Schedule Contract Extension: MSC Industrial Direct Co., Inc., Contract Number GS-06F-0010N
06/28/13	A130069	Preaward Examination of Multiple Award Schedule Contract Extension: L-3 Communications Vertex Aerospace, LLC, Contract Number GS-10F-0328N

DATE OF REPORT	REPORT NUMBER	TITLE
07/11/13	A120152	Preaward Audit of Multiple Award Schedule Contract Extension: Herman Miller, Inc., Contract Number GS-28F-8049H
07/18/13	A100054	Limited Scope Review of Contractor-Disclosed Overbillings: Northrop Grumman Information Technology, Inc., Contract Number GS-35F-4506G
07/31/13	A120134	Preaward Audit of Multiple Award Schedule Contract Extension: International Business Machines Corporation, Contract Number GS-35F-4984H
09/06/13	A130085	Preaward Examination of Multiple Award Schedule Contract Extension: Bart & Associates, Inc., Contract Number GS-35F-5924H
01/31/14	A130071	Preaward Examination of Multiple Award Schedule Contract Extension: Industries for the Blind, Inc., Contract Number GS-02F-0208N
02/24/14	A130046	Preaward Examination of Multiple Award Schedule Contract Extension: General Dynamics Advanced Information Systems, Inc., Contract Number GS-35F-0717N
03/06/14	A140106	Examination of a Claim: Skanska USA Building, Inc., Contract Number GS-04P-09-EX-C-0076
03/12/14	A130048	Postaward Audit of Multiple Award Schedule Contract: Intirion Corporation, Contract Number GS-21F-0091H
03/24/14	A130099	Examination of a Claim: HCBeck, Ltd., Contract Number GS-07P-09-UY-C-0007
03/31/14	A130049	Preaward Examination of Multiple Award Schedule Contract Extension: SimplexGrinnell LP, Contract Number GS-06F-00054N
04/14/14	A130136	Preaward Examination of Multiple Award Schedule Contract: Fisher Scientific Company L.L.C., Solicitation Number 7FCB-C4-070066-B
04/15/14	A130095	Preaward Examination of Multiple Award Schedule Contract Extension: Westcon Group North America, Inc., Contract Number GS-35F-0563U
04/24/14	A110139	Postaward Examination of Multiple Award Schedule Contract: Alaska Structures, Incorporated, Contract Number GS-07F-0084K
05/08/14	A130123	Preaward Examination of Multiple Award Schedule Contract Extension: Teknion LLC, Contract Number GS-27F-0013V
05/20/14	A130089	Limited Scope Postaward Examination of Multiple Award Schedule Contract: QinetiQ North America, Inc., Contract Number GS-35F-4674H
06/19/14	A140057	Preaward Examination of Multiple Award Schedule Contract Extension: ATD-American Co., Contract Number GS-28F-0030P
06/26/14	A130093	Examination of a Claim: Amthor Steel, Inc., Subcontractor to Mascaro Construction Company, L.P., Contract Number GS-02P-03-DTC-0010
06/26/14	A140126	Examination of A Final Settlement Proposal: Hoar-Christman, LLC., Contract Number GS-04P-09-EX-C-0077
07/16/14	A130054	Preaward Audit of Multiple Award Schedule Contract Extension: PricewaterhouseCoopers, LLP, Contract Number GS-10F-0466N
07/16/14	A130043	Limited Scope Postaward Examination of Multiple Award Schedule Contract: ICF Z-Tech, Inc., Contract Number GS-35F-0102M
07/23/14	A130106	Preaward Examination of Multiple Award Schedule Contract Extension: CSI Aviation, Inc., Contract Number GS-33F-0025V

DATE OF REPORT	REPORT NUMBER	TITLE	
07/29/14	A130116	Preaward Examination of MAS Contract Extension: Management Concepts, Inc., Contract Number GS-02F-0010J	
08/29/14	A130125	Preaward Examination of Multiple Award Schedule Contract Extension: Sigmatech, Incorporated, Contract Number GS-23F-0090P	
09/05/14	A140130	Preaward Examination of Multiple Award Schedule Contract Extension: Atlantic Diving Supply, Inc., Contract Number GS-07F-6072P	
09/09/14	A140111	Examination of a Claim: Sigma Construction, Inc., Contract Number GS-09P-08-NP-C-0005	
09/16/14	A140132	Preaward Examination of Multiple Award Schedule Contract Extension: A-T Solutions, Inc., Contract Number GS-02F-0193P	
09/16/14	A130094	Examination of a Claim: Clayton B. Obersheimer, Inc., Subcontractor to Mascaro Construction Company, LP, Contract Number GS-02P-03-DTC-0010	
09/23/14	A140125	Examination of a Final Settlement Proposal: Consigli Construction Co., Inc., Contract Number GS-01P-09-BZ-C-0028	
09/25/14	A140044	Preaward Examination of Multiple Award Contract Extension: American Institutes for Research in the Behavioral Sciences, Contract Number GS-10F-0112J	
09/29/14	A140122	Examination of Administrative Labor Rates, Employee Qualifications, and Change Order Markups: Swinerton Builders, Contract Number GS-09P-09-KTC-0103	
09/30/14	A130092	Examination of a Claim: Mascaro Construction Company, L.P., Contract Number GS-02P-03-DTC-0010	
DATE OF REPORT	REPORT NUMBER	TITLE	PROJECTED FINAL ACTION DATE
INTERNAL AUDITS			
05/30/12	A110100	Audit of Management Controls Within the Network Services Division Pacific Rim Region, Federal Acquisition Service	11/30/15
09/11/13	A120001	Audit of GSA's Controls over the National Capital Region's Reimbursable Work Authorizations	10/30/15
12/19/13	A130013	Audit of the General Services Administration's Fiscal Year 2013 Financial Statements	04/30/16
06/17/14	A110217	Procurement Errors, Financial Losses, and Deficient Contract Administration Demonstrate Ineffective Management of the Ronald Reagan Building and International Trade Center	11/30/15
08/11/14	A130010	Audit of the Administration of Regional Local Telecommunications Services Contracts, Northeast and Caribbean Region	10/30/15
09/29/14	A120164	Improving the Telecommunications Order and Invoice Processing Could Benefit Customers of the Federal Acquisition Service's Network Services Division, Pacific Rim Region	03/31/18
09/29/14	A130007	Opportunities Exist to Strengthen the Federal Acquisition Service's Contracting Officer's Representative Workforce	11/30/15

Appendix IV – OIG Reports Without Management Decision

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

Reports that were six months old as of September 30, 2015 and remain unresolved:

Preaward Review of Multiple Award Schedule Contract Extension of a Construction Contractor

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

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

We performed this examination to determine whether this technical and science equipment reseller disclosed and submitted current, accurate, and complete CSP information; maintained sales monitoring and billing systems that ensure proper administration of the price reduction provisions and billing terms of the contract; and adequately accumulated and reported schedule sales for IFF payment purposes.

We concluded that the CSP information was not current, accurate, or complete; procedures and current contract terms did not provide effective price reduction protection; some customers were overbilled; and the contract was not properly administered. We advised that the contract not be extended until the contractor has resolved these issues. We are working with agency management to resolve the issues.

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

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

We concluded that the CSP information was neither accurate nor complete, proposed labor rates were overstated, and the Price Reductions Clause was ineffective. We are working with agency management to resolve the issues.

Preaward Audit of Multiple Award Schedule Contract Extension of a Telecommunications Contractor

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

Examination of a Claim of a Construction Contractor

We performed this examination to determine whether this construction contractor's claimed costs were allowable, allocable, and reasonable; supported by accurate and complete information; and prepared in accordance with applicable regulations and contract provisions. We concluded that the construction contractor did not adequately support its claimed costs, claimed duplicate costs, and did not adequately show the government was responsible for the alleged delay and disruptions on the project. We are working with agency management to resolve these issues.

Examination of a Request for Equitable Adjustment of a Building Renovation Contractor

We performed this examination to determine whether a building renovation contractor's pricing data, submitted in support of its request for equitable adjustment, was allowable, allocable, and reasonable; supported by accurate and complete information; and prepared in accordance with applicable regulations and contract provisions. We concluded that the building renovation contractor did not submit accurate and complete information nor adequately supported claimed costs. We are working with agency management to resolve these issues.

Reports that were six months old as of September 30, 2015, but have since been resolved:

Preaward Examination of Multiple Award Schedule Contract Extension of a Shelving and Storage Contractor

Resolved on October 8, 2015.

Appendix V – Peer Review Results

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

The Department of Veterans Affairs OIG started its peer review of the GSA OIG Office of Audits in March 2015. The review is currently ongoing. In the last peer review dated December 20, 2012, the GSA OIG Office of Audits received a peer review rating of “pass.” No outstanding recommendations exist from any previous peer review conducted by another OIG. In addition, the GSA OIG Office of Audits completed an external peer review of the Social Security Administration OIG. The Social Security Administration OIG has no outstanding recommendations issued by any previous peer review that have not been fully implemented.

The Office of Investigations received a full compliance rating from its last peer review, which was conducted by the Small Business Administration OIG in 2013.

The Office of Inspections and Forensic Auditing was formed in 2014 to conduct inspections and evaluations in accordance with the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Quality Standards for Inspection and Evaluation, and has not yet been peer reviewed.

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