



Office of Inspector General
U.S. General Services Administration

Semiannual Report to the Congress

October 1, 2011 - March 31, 2012

GSA's SIGNIFICANT MANAGEMENT CHALLENGES

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

CHALLENGES	BRIEF DESCRIPTION OF CHALLENGE	PAGE
ACQUISITION PROGRAMS	GSA's procurement organization awards and administers government-wide contracts worth hundreds of billions of dollars. With growing programs and shrinking numbers of qualified acquisition personnel, attention to important fundamentals such as ensuring competition, meaningful price analysis, and implementation of statutory and regulatory compliance-type requirements has diminished.	1
INFORMATION TECHNOLOGY	Improved planning, development, and implementation of Information Technology systems and services is needed to ensure quality data and to support business decisions. GSA also needs to improve the protection of sensitive information and address emerging risks associated with cloud computing.	No Reports This Period
FINANCIAL REPORTING	GSA systems, including its financial system of record (Pegasys), continue to have deficiencies in interoperability and interfaces. As a consequence, GSA management continues to rely heavily on manual workarounds and significant adjusting entries to prepare the financial statements and related note disclosures.	3
PROTECTION OF FEDERAL FACILITIES AND PERSONNEL	GSA is responsible for protecting the life and safety of employees and public visitors in federal buildings. The increased risks from terrorism have greatly expanded the range of vulnerabilities. A broadly integrated security program is required.	5
GREENING INITIATIVE—SUSTAINABLE ENVIRONMENTAL STEWARDSHIP	With its major role in federal building construction and operations, GSA faces challenges to lead change in achieving its goals for sustainability and a Zero Environmental Footprint	No Reports This Period
FEDERAL BUILDINGS FUND	Faced with an aging, deteriorating inventory, and significant reductions to its budget, GSA is challenged in making the best use of available funds to deliver high performance workplaces on schedule and within budget.	No Reports This Period
AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009	Mandated to obligate \$5.5 billion for many building projects within a 20-month period, GSA's shortened planning and contracting phases will likely result in continual challenges as Recovery Act-funded projects move into the construction phase.	5

Foreword

On behalf of the General Services Administration's (GSA) Office of Inspector General (OIG), I am pleased to provide this semiannual report to the Members of Congress and the people of the United States. This report reflects the OIG's effectiveness in combating fraud, waste, and abuse in GSA's programs and operations.

Since October 1, 2011, our office issued 45 audit reports and recommended over \$316 million in funds be put to better use and questioned costs. We also made 486 referrals for criminal prosecution, civil litigation, and administrative action. In this reporting period, management agreed with \$124 million of our audit findings, while civil settlements and court-ordered investigative recoveries totaled over \$218 million.

Our Office of Audits has continued to focus on GSA's Multiple Award Schedule program, with a concentration in preaward audits, as well as oversight of GSA's American Recovery and Reinvestment Act of 2009 projects and financial reporting. Our Office of Investigations focused on major procurement fraud, construction fraud, and counterfeit product identification in the federal government's supply line. The OIG Office of Forensic Auditing continued its proactive data analysis to uncover potentially fraudulent activity.

Chief among the OIG's achievements this semiannual period was Oracle Corporation's \$199.5 million settlement to resolve qui tam allegations that it defrauded the United States by intentionally failing to disclose discounts available to its commercial customers.

On behalf of the U.S. Attorney General's Financial Fraud Enforcement Task Force, I continued my collaborative effort of working with the public and private sectors, to prevent and detect fraud in government contracts and procurement activities.

I want to express my appreciation for the accomplishments of the OIG employees and their continuing dedication to public service. I thank the Members of Congress, the Office of Management and Budget, and employees throughout GSA for their continued support.



*Brian D. Miller
Inspector General
April 30, 2012*

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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 assessment of management 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 the American taxpayers. The office also provides other services to assist management in evaluating and improving their programs.
- The Office of Investigations, an investigative organization that conducts a nationwide program to prevent, detect, and investigate illegal and/or improper activities involving GSA programs, operations, and personnel.
- The Office of Counsel, an in-house legal staff that provides legal advice and assistance to all OIG components, represents the OIG in litigation arising out of or affecting OIG operations, and manages the OIG legislative and regulatory review.
- The Office of Forensic Auditing, Evaluation, and Analysis, a multidisciplinary staff that employs innovative auditing and investigative techniques to

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

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

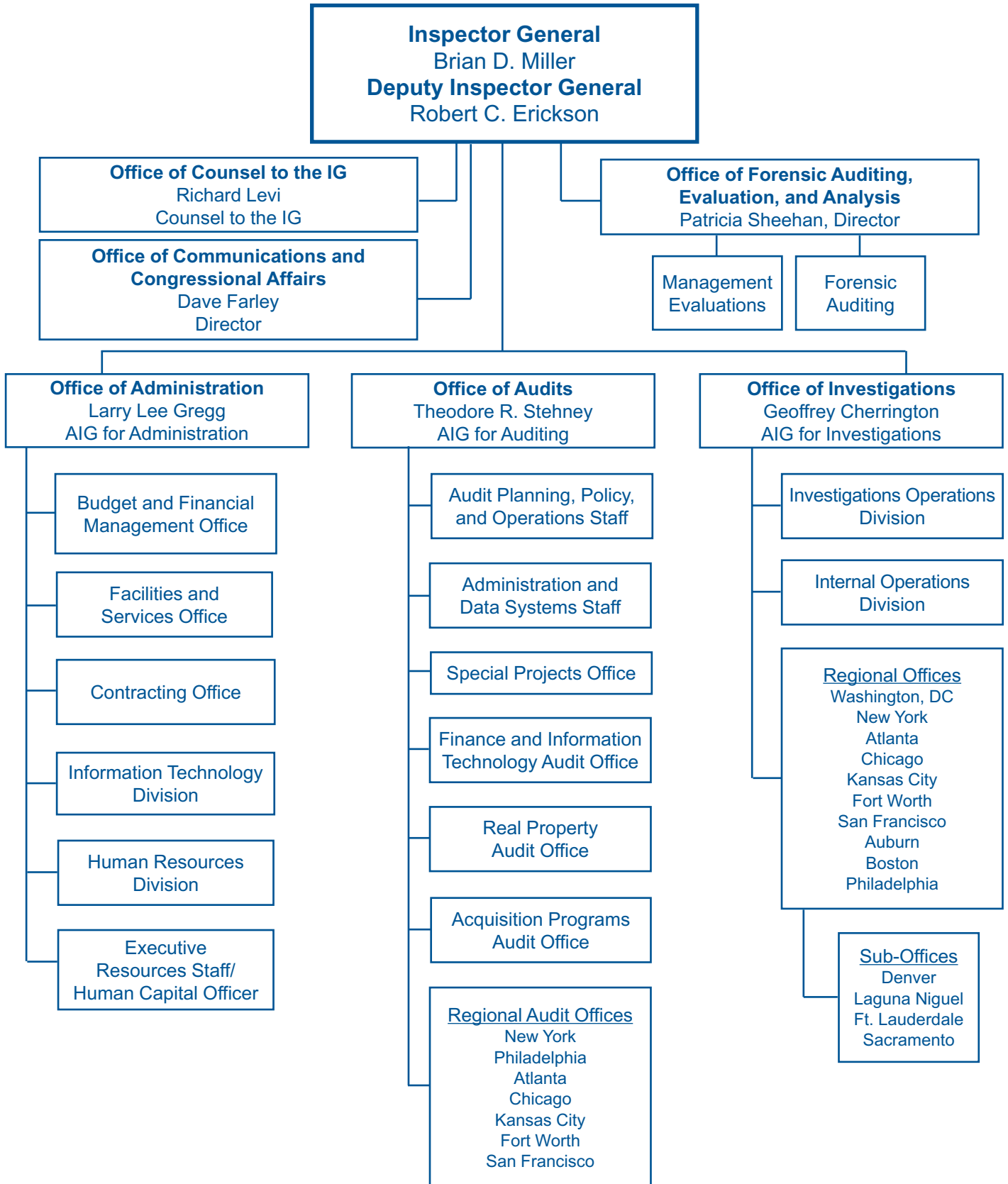
Office Locations

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

Staffing and Budget

As of March 31, 2012, our on-board staffing level was 300 employees. The OIG's Fiscal Year (FY) 2012 budget was \$58 million with an additional \$2.3 million in funds appropriated under the American Recovery and Reinvestment Act of 2009 (Recovery Act).

OIG Organization Chart



Summary of OIG Performance

October 1, 2011 – March 31, 2012

OIG Accomplishments

Total financial recommendations	\$316,250,188
These include:	
• Recommendations that funds be put to better use	\$301,500,542
• Questioned costs	\$14,749,646
Audit reports issued	45
Audit memorandums provided to GSA	16
Management decisions agreeing with audit recommendations, civil settlements, and court-ordered and investigative recoveries	\$124,192,462

Results Attained

Referrals for criminal prosecution, civil litigation, & administrative action	486
Indictments and informations on criminal referrals	42
Cases accepted for criminal prosecution	35
Cases accepted for civil action	5
Successful criminal prosecutions	31
Civil settlements	3
Contractors/individuals suspended and debarred	142
Employee actions taken on administrative referrals involving GSA employees	9
Civil settlements and court-ordered and investigative recoveries	\$218,496,507

Executive Summary

Summary of Results

During this semiannual period, the OIG continued to direct its auditing and investigative resources toward what it has identified as the major management challenges facing the Agency and achieved significant results. Since October 1, 2011, the OIG has issued 45 audit reports and referred 236 cases for criminal prosecution, civil litigation, or administrative action. At the close of this semiannual period, the OIG had made over \$316 million in recommendations that funds be put to better use and in questioned costs. In addition, our efforts led to civil settlements and court-ordered and investigative recoveries of over \$218 million this period.

In its effort to promote economy and efficiency throughout Agency programs, the OIG focused specifically on audits of GSA's acquisition, financial reporting, protection of federal facilities and personnel and American Recovery and Reinvestment Act of 2009 (Recovery Act) initiatives; investigations of fraud, waste, and abuse by GSA employees and contractors; and litigation support of civil fraud actions and criminal prosecutions. Below are some of the highlights of the OIG's actions during this semiannual period.

Management Challenges Highlights

The OIG continued to provide high quality audit recommendations and advice so that GSA can lead the government in economical contracting and procurement. The focus this semiannual period was on acquisition programs, financial reporting, protection of federal facilities and personnel, and Recovery Act projects. Here are a few select audits and memoranda that identify major challenges facing GSA.

Acquisition Programs. GSA provides federal agencies with billions of dollars of products and services through various types of contracts. During this reporting period, the Office of Audits performed preaward audits of 26 contracts with an estimated value of almost \$7 billion. Because of their pre-decisional, advisory nature, the OIG's preaward audits play a crucial role in improving the government's negotiating position and in realizing millions of dollars in savings on negotiated contracts. Five of our more significant audits during this period were of Multiple Award Schedule (MAS) contracts with projected government-wide sales totaling more than

\$5.1 billion. These audits resulted in recommendations that \$222 million in funds to be put to better use.

Our audit of the Industrial Funding Fee (IFF) found that the IFF is set at a level that consistently generates excess net operating revenues, some of which have been used to fund initiatives outside of the MAS Program, thereby diverging from the purpose of the IFF that has been communicated to MAS customers. Additionally, we found that the Federal Acquisition Service (FAS) has not performed a specific review to determine whether the IFF rate should be adjusted since fiscal year (FY) 2004 (page 1). Our audit of the cost-reimbursement contracts and task orders that GSA entered into between March 17, 2011 and September 30, 2011 revealed that they were not in full compliance with applicable regulatory guidance (page 2). Our audit of the Personal Property Donation Program in GSA's Northeast and Caribbean Region found poor recordkeeping, inadequate oversight, and missing property identifiers (page 3).

Financial Reporting. GSA financial systems continue to have deficient interoperability and interfaces. Therefore, GSA management continues to rely heavily on manual workarounds. Controls over budgetary accounts and transactions also need improvement. The OIG directed an independent public accounting (IPA) firm to audit GSA's FY 2011 financial statements. The IPA issued an unqualified opinion and identified five significant deficiencies (page 4). In addition, our audit of GSA's reported improper payments determined that while GSA generally complied with the Improper Payments Information Act requirements, it could improve in five key areas (page 4).

Protection of Federal Facilities and Personnel. Providing a safe, healthy, and secure work environment for over one million employees and visitors in federal buildings is one of GSA's major responsibilities. As part of our earlier review of the health and safety conditions at the Bannister Federal Complex in Kansas City, MO, we identified problems related to the award and administration of a public relations services task order, awarded to Jane Mobley Associates (JMA). Our audit of the task order disclosed that the statement of work was not independently prepared and did not include measurable deliverables (page 5).

Executive Summary

American Recovery and Reinvestment Act Impact.

The Recovery Act of 2009 provided GSA with a \$5.55 billion appropriation for its Federal Buildings Fund. GSA's Public Buildings Service (PBS) is using the funds to convert federal buildings into high performance green buildings and to construct federal buildings, courthouses, and land ports of entry. Due to the mandate that funds must be obligated by September 30, 2011, GSA faced challenges in planning and contracting in short time frames. The OIG conducts oversight of these projects. During this semiannual period, our Office of Audits issued Recovery Act reports or memorandums on the Robert A. Young Federal Building (page 5); Small Project Funding for Move Costs (page 6); Improper Obligation of Construction Funds for the 1800 F Street Modernization Project (page 7); a follow up to a prior memo concerning environmental remediation liability of the Department of Health and Human Services (page 7); the 425 Eye Street Swing Space Lease for the Department of Veterans Affairs (page 8); and the Internal Revenue Service Southwest Service Center (page 8).

Promoting and Protecting Integrity Highlights

The OIG combated fraud, waste, and abuse through civil and administrative recoveries and criminal investigations during this semiannual period. When systemic issues are identified through investigations, they are shared with GSA management for appropriate corrective actions. During this period, criminal, civil, and other monetary recoveries totaled over \$218 million.

Government Infrastructure Protection Initiative (GIPI).

The GSA's Office of Investigations created GIPI to combat the proliferation of counterfeit information technology products in the federal supply chain by partnering with the Intellectual Property Rights Center operated by Immigration and Customs Enforcement. This semiannual period saw the sentencing of Stephanie McCloskey to 38 months of imprisonment, three years of supervised release, and the payment of \$166,141.23 in restitution for selling counterfeit integrated circuits from China and Hong Kong to the U.S. Navy while she worked for VisionTech Components. A joint investigation led to a ten-count indictment for conspiracy, trafficking in counterfeit goods, and mail fraud. Agents also seized items purchased with the proceeds of the scheme, including bank account funds and luxury vehicles (page 10).

Civil Recoveries. The GSA OIG has consolidated investigative efforts related to civil recoveries. Chief among the OIG's civil recoveries this semiannual period was a \$199.5 million payment by Oracle Corporation to settle qui tam allegations that it failed to disclose discounts offered to commercial customers when it sold software products to federal government agencies (page 10). Additionally, a federal judge entered a default judgment in the amount of over \$6 million against C. Henderson Consulting, Inc., to settle allegations that the company falsely billed the government for ambulances it did not provide during the relief efforts following Hurricanes Katrina and Rita (page 11). Cable Express Technologies (CXtec) agreed to pay the United States \$2 million to settle allegations that CXtec sold products to federal agencies that were manufactured in China, Taiwan, Indonesia, Malaysia or Thailand in violation of the Trade Agreements Act (page 11).

Criminal Investigations. Darrell Hardie was found guilty of assaulting a GSA OIG federal agent after he used his vehicle to threaten the agent engaged in surveillance near Hardie's residence (page 11). In October 2011, Eric Minor, a former GSA employee was sentenced to 30 months of incarceration and two years of supervised release, and ordered to pay \$118,000 in restitution for his role in a bribery scheme involving GSA contracts that resulted in the conviction of 11 individuals. GSA OIG agents seized over \$71,000 in cash from Minor's home (page 11). Two others were indicted in a separate bribery/ kickback scheme to entice government purchase card holders to order office supplies from the defendants' companies for greatly inflated prices (page 11). In December 2011, the former president of Red River Computer Company was sentenced to three years in federal prison and ordered to forfeit \$431,949 dollars for defrauding the government (page 12). In February 2012, employees of Mid-America Payphone, Inc., pled guilty for their roles in programming pay phones to dial toll free numbers. By exploiting the Federal Communications Commission regulation that allows payphone service providers to collect \$0.49 for every toll free call placed, the individuals defrauded the government, state agencies, and private businesses that owned the toll free numbers of at least \$1.2 million (page 12). As a result of another such "dial-around compensation" scheme, Nicolaos Kantartzis, President of Federal Telephone Company, was ordered to pay a \$20,000 fine and \$2.6 million in restitution (page 12).

Executive Summary

WPA Artwork. The GSA OIG continued its collaborative campaign to recover and restore artwork commissioned in the New Deal Era to the United States. During this semiannual period, we recovered three artworks (page 13).

Suspension and Debarment. During this reporting period, the OIG made 319 referrals for consideration of suspension or debarment to GSA, and GSA issued 142 suspension and debarment actions based on current and previous OIG referrals (page 13).

Hotline. The OIG Hotline provides an avenue for employees and other concerned citizens to report suspected wrongdoing. The OIG received 1,131 contacts, from which 220 Hotline cases were initiated (page 13).

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Management Challenges

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

Acquisition Programs

GSA provides federal agencies with billions of dollars of products and services through various types of contracts. As of March 31, 2012, there were over 19,800 Multiple Award Schedule (MAS) contracts under GSA's procurement program with over \$20.3 billion in total sales. We oversee this program by conducting preaward, postaward, and performance audits. Historically, for every dollar invested in our preaward audits, we achieve at least \$10 in lower prices, or more favorable contract terms and conditions for the benefit of the government and the taxpayer.

Significant Preaward Audits

The pre-decisional, advisory nature of preaward audits distinguishes them from other audit products. This program provides vital and current information enabling contracting officers to significantly improve the government's negotiating position and to realize millions of dollars in savings on negotiated contracts. During this period we performed preaward audits of 26 contracts with an estimated value of almost \$7 billion. We recommended more than \$266 million in funds to be put to better use. Management decisions were made on 25 of our preaward audit reports, which recommended over \$123 million of funds to be put to better use, and management agreed with 99.8 percent of our recommended savings.

Five of our more significant audits were of MAS contracts with projected government-wide sales totaling more than \$5.1 billion. These audits resulted in recommendations of \$222 million in funds to be put to better use. All five of the audits showed that the Price Reductions clause was ineffective because there were either no or limited sales to the basis of award customer, the listing of proposed exclusions as provided by the vendor was so encompassing as to prevent a price reduction from being triggered, or all sales were to either GSA or other federal agencies. In four of our audits, we determined there were overbillings for various reasons,

including: failure to pass along price reductions, invoiced pricing higher than the GSA schedule price, inclusion of sales tax, and invoicing for unqualified labor or inappropriate labor categories. Two of the audits determined that the commercial sales practice information provided in support of the extension proposal was not current, accurate, or complete. One company failed to disclose any sales other than those to the existing basis of award customer. Examination of the non-disclosed sales showed better than offered pricing, which could result in cost savings of approximately 19 percent of the estimated contract sales for the extension period. Two of the audits showed that customers with less sales volume received higher discounts and better terms than GSA, and suggest that GSA should leverage its buying power to obtain similar pricing.

Audit of the Multiple Award Schedule Program Industrial Funding Fee

Report Number A090256/Q/A/P12003, dated February 3, 2012

Our audit of the Industrial Funding Fee (IFF) established by GSA's Federal Acquisition Service (FAS) found that the IFF is set at a level that consistently generates excess net operating revenue. These net operating revenues flow into the Acquisition Services Fund's (ASF) three reserve accounts. As of September 2009, these reserves had grown to \$687.5 million. While these revenues are to be used to cover the costs of FAS's MAS Program, make MAS Program investments, and maintain a risk mitigating buffer, some revenues have been used to fund initiatives benefitting other FAS programs. Although managing cost recovery at other than the MAS Program level is not prohibited, it diverges from the purpose of the IFF that has been communicated to MAS customers.

Management Challenges

Acquisition Programs (continued)

Each year, FAS assesses the adequacy of these reserves as part of its budget process. However, FAS has not performed a specific review to determine whether the IFF rate should be adjusted since fiscal year 2004. A critical assessment of steadily rising MAS Program costs should be a part of this evaluation. Despite the fact that controls over MAS Program sales reporting and IFF collection have improved since our previous IFF audit, we found that further enhancements are possible.

We recommended that the Commissioner of the Federal Acquisition Service:

- Evaluate the current IFF rate, considering needed investments and reserves, and adjust it if necessary;
- Develop and establish criteria and methodology for evaluating, on a periodic basis, whether the IFF rate is properly set;
- Evaluate the current ASF reserves, determine whether funds should be returned to the U.S. Treasury, and make any returns deemed appropriate;
- Inform MAS customers that the IFF may be used to fund initiatives benefitting other programs or offset losses in other FAS programs. At a minimum, this can be done by revising General Services Acquisition Regulation 552.238-74; and
- Issue Standard Operating Procedures that require the FAS Office of Acquisition Management, Supplier Management Division, to obtain status updates and proof of payment on open receivables from MAS Administrative Contracting Officers for forwarding to the Office of Administrative Services' GAO/IG Audit Response Division.

The FAS Commissioner concurred with the first four recommendations, but took exception to the fifth recommendation. We revised the fifth recommendation based on discussions with FAS officials.

Audit of GSA's Cost-Reimbursement Contracts

Report Number A120052/Q/AIP12004, dated March 30, 2012

This audit found that the cost-reimbursement contracts and task orders GSA entered into between March 17, 2011, and September 30, 2011, do not fully comply with interim rule 76 Federal Register (FR) 14543. This interim rule, which was implemented as a result of Section 864 of the Duncan Hunter National Defense Authorization Act of Fiscal Year 2009, provides regulatory guidance regarding proper use and management of cost-reimbursement contracts. Specifically, GSA acquisition personnel did not consistently assure that: (1) acquisition plans were properly developed, (2) the designation of the contracting officer's representative (COR) was timely or distributed appropriately, and (3) contractors' accounting systems were adequate for tracking costs during the entire period of performance. As a result, the risks inherent with this type of contract, such as unnecessary costs and/or reduced quality of the goods and services provided, are more likely to occur and/or be mismanaged.

The acquisition plans for nine of the ten task orders we reviewed did not address at least one provision of the Federal Acquisition Regulation (FAR) which stipulates the requirements for planning and documenting the planning of cost-reimbursement contracts. In addition, acquisition personnel did not always designate a COR prior to award and did not provide a copy of the COR's written designation letter to the contractor in accordance with the FAR. Furthermore, in two of the task orders reviewed, we found indications that the contractors may not have had accounting systems that adequately tracked their costs during the entire period of performance as required by the FAR.

We recommended that the Commissioner of the Federal Acquisition Service:

- Reaffirm internal guidance and develop additional internal policies to ensure that acquisition personnel understand how interim rule 76 FR 14543 and related FAR changes affect existing and future contracts and task orders; and

Management Challenges

Acquisition Programs (continued)

- Incorporate the requirements as a result of interim rule 76 FR 14543 into existing acquisition plan templates.

The FAS Commissioner concurred with the report recommendations.

Audit of Personal Property Donation Program: New Jersey State Agency for Surplus Property, Federal Acquisition Service, Northeast and Caribbean Region

Report Number A110117/Q/2/P12005, dated March 30, 2012

Our audit found that poor recordkeeping, inadequate oversight, and missing identifiers in GSA's Northeast and Caribbean Region's Personal Property Donation Program precluded the positive identification of most of the donated property we searched for. Also, ineffective and incomplete data submissions and entries resulted in the inaccurate reporting of donation activity. Further, reviews of state programs were not performed or documented effectively. Finally, the New Jersey State Agency for Surplus Property (NJ SASP) does not maintain a current list of eligible donees.

Personal property that is no longer required by the federal government is made available to SASPs for donation to state and local governments and eligible nonprofit institutions. From 2008 to 2010, GSA reported that the NJ SASP transferred approximately \$17.5 million in property to eligible donees.

We could positively identify only 28 percent (\$787,227 of \$2,831,029) of the donated items we looked for during our audit, because the NJ SASP did not maintain its records in accordance with prescribed policies and procedures. Our audit revealed a high rate of missing documentation. In addition, New Jersey donation activity has been inaccurately reported over the last three years. For example, the NJ SASP erroneously included an \$11.3 million F-15A aircraft in its fiscal year 2008 report.

We recommended that the FAS Regional Commissioner for the Northeast and Caribbean Region ensure that the Region's Personal Property Division:

- Enforce proper recordkeeping standards on the NJ SASP. Specifically, donee files should be complete, and property receipts must comply with applicable standards. Also, encourage donees to retain the identifying information that comes affixed to each donated item;
- Reconcile the quarterly donation activity received from SASPs to another data source, and require supervisory review of the data entered into the GSA system;
- Review the NJ SASP in a more timely fashion, carefully document these reviews and disseminate the results to the NJ SASP, and follow up on outstanding issues. Given the issues identified relative to the NJ SASP, we recommend that it be reviewed on a two-year cycle; and
- Require the NJ SASP to maintain a current list of eligible donees and properly promote the donation program.

The FAS Regional Commissioner for the Northeast and Caribbean Region concurred with the report recommendations.

Financial Reporting

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

Management Challenges

Financial Reporting (continued)

Audit of the General Services Administration's Fiscal Year 2011 Financial Statements

Report Number A110103/BIF/F12001, dated December 22, 2011

In accordance with the Chief Financial Officer's Act of 1990, the OIG directed the audit of GSA's Fiscal Year (FY) 2011 Financial Statements. As in the past, the audit was performed by an independent public accounting firm (IPA), with oversight and guidance provided by the OIG. The IPA issued an unqualified opinion on the balance sheets and the related consolidated and individual statements of net cost, changes in net position, and the combined and individual statements of budgetary resources of the Agency, the Federal Buildings Fund, and the Acquisition Services Fund, for the fiscal year ended September 30, 2011.

Although the IPA did not identify any material weaknesses relating to GSA's financial management systems, internal controls, or financial reporting, they did report five significant deficiencies relating to:

- Controls over budgetary accounts and transactions;
- Controls over accounting and reporting of general property and equipment;
- Controls over accounting and reporting of environmental liabilities;
- Controls over revenue and expense recognition policies in the Acquisition Services Fund; and
- General and application controls over financial management systems.

The IPA issued a number of recommendations to correct the reported significant deficiencies.

Audit of GSA's Improper Payments Performance

Report Number A120002/BIF/F12002, dated March 9, 2012

As required by the Improper Payments Information Act of 2002 (IPIA) and as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA), we conducted an audit of improper payments GSA reported for FY 2011. We determined that GSA

generally complied with the requirements of IPIA as amended by IPERA. However, we noted that (1) GSA's process for reporting the results of its payment recapture audit program needs improvement; (2) GSA's construction program was improperly excluded from the payment recapture audit program; (3) GSA may be using an improper source of funds to reimburse the payment recapture audit contractor; (4) the improper payments program management controls are insufficient; and (5) the recovery audit contract does not contain all appropriate IPERA and GSA directive references.

We recommended that GSA's Chief Financial Officer:

- Report the identified, recovered, and outstanding amounts related to improper payments in the payment recapture audit program in a manner consistent with financial reporting requirements;
- Improve tracking and aging of all outstanding improper payment claims;
- Include all GSA programs and activities in the payment recapture audit program;
- Seek clarification from the Office of Management and Budget (OMB) to ensure the proper source of funds is used to reimburse the payment recapture audit contractor;
- Issue official policy providing guidance to Agency personnel regarding the reporting of improper payments and the implementation of the IPERA; and
- Review and modify, as necessary, the payment recapture audit contract to ensure it contains all clauses required by applicable laws, regulations and GSA orders.

GSA's Chief Financial Officer concurred with our findings and recommendations with the exception of the finding concerning management's potential use of an improper source of funding. The GSA Chief Financial Officer believes the Agency used a proper source of funding to reimburse the payment recapture audit contractor and plans to contact OMB to seek additional clarification on the matter.

Management Challenges

Protection of Federal Facilities and Personnel

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

Review of Public Buildings Service's Procurement of Public Relations Services at the Bannister Federal Complex Task Order GS-P-06-10-GX-0012

Report Number A110119/PI6/R12001, dated January 10, 2012

Our audit disclosed that Public Buildings Service (PBS) received limited value for the \$234,338 it expended under a task order for public relations services with Jane Mobley Associates, Inc. (JMA). The primary reasons this occurred were that the task order's statement of work was not independently prepared (it was actually written by JMA) and did not include measurable deliverables. In addition, PBS management directed that JMA be the sole source for this award and required that the award be made in an extremely tight time frame. Finally, we determined that JMA overbilled the government by more than \$32,000.

We recommended that the PBS Regional Commissioner for the Heartland Region:

- Implement controls to ensure that contracting actions contain measurable deliverables in accordance with the Federal Acquisition Regulation and that only PBS associates be allowed to prepare statements of work for contracting actions; and
- Issue a demand letter to JMA for the amounts it overbilled the government.

The PBS Regional Commissioner for the Heartland Region concurred with the report recommendations.

This audit was performed as a result of problems related to the award and administration of the JMA task order identified during our review of health and safety conditions at the Bannister Federal Complex in Kansas

City, MO. We conveyed our initial concerns to PBS management in the Heartland Region in an audit memorandum dated February 18, 2011.

American Recovery and Reinvestment Act Impact

The American Recovery and Reinvestment Act of 2009 (Recovery Act) provided GSA with a \$5.55 billion appropriation for its Federal Buildings Fund. In accordance with the Act, GSA's PBS is using the funds to convert federal buildings into High-Performance Green Buildings, and to construct federal buildings, courthouses, and land ports of entry. The Recovery Act mandates that \$5 billion of the funds were to be obligated by September 30, 2010, and that the remaining funds were to be obligated by September 30, 2011. Under this mandate, GSA's project teams were faced with the challenge of planning and contracting for projects within extremely short timeframes. Although GSA added new employees and contract support staff to comply with the requirements of the Recovery Act, meeting the deadlines for the obligation of the Recovery Act funds has strained the capabilities of the project teams -- even before the actual start of construction for these projects. The GSA OIG is conducting oversight of the construction and modernization projects funded by the Recovery Act through internal audits and attestation engagements, leading to the release of numerous internal audit reports and audit memorandums.

Recovery Act Report – Robert A. Young Federal Building Envelope Improvement Construction Project, Audit of PBS's Major Construction and Modernization Projects Funded by the American Recovery and Reinvestment Act of 2009

Report Number A090172/PIR/R11012, dated March 8, 2012

Our audit disclosed several deficiencies related to the award of a task order for Construction Manager as Constructor (CMC) services related to the modernization of the Robert A. Young Federal Building, located in St. Louis, Missouri. First, PBS effectively eliminated price competition as an award factor for the construction phase of the project by instructing bidders to use the \$7 million Guaranteed Maximum Price (GMP) in their respective proposals. Ultimately the construction award

Management Challenges

American Recovery and Reinvestment Act Impact (continued)

increased to \$26.3 million (nearly quadrupling the original GMP). By executing the procurement in this manner, PBS violated the requirements of both the FAR and the Competition in Contracting Act of 1984, because the option was not evaluated as part of the initial competition and could not be executed at an amount specified in or reasonably determinable from the terms of the base contract. In effect, the construction option was awarded as a sole source procurement and an unpriced option.

Second, without competition PBS did not have an adequate basis for establishing price reasonableness. While PBS did compare the bids to a government estimate, the estimate was not complete because PBS had not fully defined the contract scope prior to award.

Third, PBS improperly obligated the funding for the construction phase option. The task order established only the GMP; it did not actually exercise the option and therefore did not create a liability for these services. As such, an obligation did not occur and should not have been recorded.

Lastly, to accommodate award of this task order, PBS inappropriately increased the maximum order limitation (MOL) of the contract under which it was awarded. While the contract's original MOL could have covered the initial \$7 million award, it was insufficient to cover the increases that resulted from the redefined project scope. PBS modified the contract twice, increasing the MOL from \$40 million to \$72 million.

We recommended that the Commissioner of the Public Buildings Service:

- Review the underlying contract to determine whether it should be modified or terminated;
- Take measures to ensure that PBS contracting personnel follow existing procurement regulations and guidance in establishing reasonable pricing; and
- Ensure that project teams have proper guidance and training regarding the obligation of funding.

The PBS Commissioner concurred with the report recommendations.

Recovery Act Report-Audit of Small Project American Recovery and Reinvestment Act of 2009 Funding Used for Move Costs

*Report Number A110215/IPIRIR12002,
dated February 17, 2012*

Our audit disclosed that GSA was not transparent in its use of Small project funds for move costs related to Building Modernization and Limited Scope projects. Neither the Spend Plan submitted to Congress nor any of GSA's Recovery Act reporting identifies how Small project funds are being used.

In implementing the Recovery Act, GSA apportioned the \$4.5 billion designated for High Performance Green Building projects into three categories: Building Modernization projects, Limited Scope projects, and Small projects. As of September 9, 2011, GSA obligated \$58.6 million of Small project funding for move costs related to 26 Building Modernization and Limited Scope projects. This amount represented nearly 30 percent of the total \$199.3 million available for Small projects.

We recommended that the Commissioner of the Public Buildings Service provide supplemental reporting that lists the amount of funds obligated by project under the Small project category. The list should identify move costs as well as other uses of funds; be updated periodically for changes; and be posted publically on www.gsa.gov and submitted to www.recovery.gov. The PBS Commissioner concurred with the recommendation.

Management Challenges

American Recovery and Reinvestment Act Impact (continued)

Recovery Act Report – Improper Obligation of Construction Funds for the 1800 F Street Modernization Project, Audit of PBS’s Major Construction and Modernization Projects Funded by the American Recovery and Reinvestment Act of 2009

Report Number A090172/PIR/R12006, dated March 30, 2012

Our audit disclosed that PBS improperly obligated funding for a contract modification related to the modernization of the GSA building at 1800 F Street NW Washington, DC. In addition, the modification was not fully priced prior to execution as required by the FAR. Finally, an inappropriate source of funds was used on this project.

Phase 1 of the 1800 F Street modernization is a major project funded by the American Recovery and Reinvestment Act of 2009. PBS awarded the construction contract for Phase 1 at \$124,349,000 and issued several modifications to this contract. One of these modifications, valued at nearly \$8.3 million, was awarded without specific scope or pricing information. However, according to the Recording Statute, an obligation cannot be incurred until the agency and the vendor have documentary evidence of a binding agreement for the specific goods or services to be provided. Additionally, the FAR requires that all contract modifications, including change orders, must be priced before they are executed unless doing so would adversely affect the interests of the government.

PBS funded the modification from the Building Operations budget account of the Federal Buildings Fund. According to PBS Policy, these funds can only be used for limited activities, such as planning and feasibility studies and in-house management costs of construction projects, prior to receiving line item funding. Normally, Building Operations funds would not be used to directly fund a construction contract. PBS indicated that the purpose of this modification was to provide above-standard tenant improvements that, according to GSA Pricing Policy, are to be funded by tenant agencies. Some security costs were also included as part of the modification. In this instance, the improvements appear to be for the entire GSA organization (the tenant agency)

not just PBS. Also, the security costs should be considered capital expenditures not tenant improvements. As such, the Buildings Operations account was not the proper source of funding for this work.

We informed PBS officials of these issues on January 19, 2012. On February 7, 2012, PBS deobligated the \$8.3 million via contract modification and agreed to perform a review of all contract modifications to ensure that funds have been obligated properly. Accordingly, we made no formal recommendations.

Special Project Memorandum: Follow-up to a Prior Memo Concerning Environmental Remediation Liability of the Department of Health and Human Services

Memorandum Number A090168-07, dated February 14, 2012

As part of our on-going oversight of the consolidation of the Department of Homeland Security headquarters at the Saint Elizabeths Campus, we issued a memorandum to the PBS Deputy Regional Commissioner for the National Capital Region, on June 18, 2010, in which we raised concerns about a potential environmental remediation liability arising from the transfer of the Saint Elizabeths West Campus from the Department of Health and Human Services (HHS) to GSA. At the time, we identified a \$28.9 million charge for soil remediation related to excavation for the United States Coast Guard Headquarters facility under construction at that site. We observed that GSA appears to have a legitimate basis to recover these costs from HHS.

As an update on the matter, HHS has acknowledged liability for these costs – now in excess of \$50 million – and has demonstrated that it will reimburse GSA as its budget permits. If the terms of the Memorandum of Understanding (MOU) between HHS and GSA equate to HHS’s legally binding liability, then GSA should take whatever action is necessary to enforce its collection rights. Future site development remediation costs should appear on the balance sheet as an environmental liability (an HHS liability if the MOU is binding; a GSA liability if it is not). Regardless, a separate source of

Management Challenges

American Recovery and Reinvestment Act Impact (continued)

funding to cover the cost of future site remediation must be identified to shift the burden of the soil remediation costs from the project budget.

Recovery Act Memorandum – 425 Eye Street Swing Space Lease for the Department of Veterans Affairs; Review of Lease Projects Funded by the American Recovery and Reinvestment Act of 2009

Memorandum Number A100203-3, dated February 29, 2012

Our review of the \$39 million (\$16.6 million of which was funded through the Recovery Act) in tenant improvements at 425 Eye Street in Washington, DC disclosed that PBS cannot support its decision to pay the lessor more than \$1 million for advanced funding of these improvements. PBS could not explain how the amount was determined or why the particular source of funds was used. Additionally, PBS did not verify that the contractor complied with the Davis-Bacon Act during the course of the improvement work.

The facility at 425 Eye Street was updated to be used as “swing space” during renovations at the Lafayette Building in Washington, DC. Prior to lease award, the lessor was required to show that it could finance the tenant improvements. However, after lease award, the lessor claimed that it did not have sufficient funding to cover these costs, which it projected to be significantly higher than the amount cited in the solicitation for offers. According to PBS, the lessor threatened to delay the work unless it was reimbursed by the government. PBS maintained that any delays would impact the cost of the Lafayette renovation project. Accordingly, PBS opted to reimburse the lessor \$1,153,570.80 (an amount equivalent to the Broker’s Commission Credit that was to be used for rent abatement). Despite numerous requests, PBS was unable to provide us with documentation supporting its decision to reimburse the lessor, how the amount was determined, or why rent abatement funds were used.

In addition, PBS did not monitor compliance with the Davis-Bacon Act during the tenant build out. Consequently, PBS had no assurance that laborers and tradesmen were paid prevailing wages rates. When PBS eventually reviewed contractor payrolls, discrepancies were discovered. Two of the subcontractors on the lessor’s competitive pricing proposal were not the subcontractors who actually performed the work. PBS also found a difference of \$749,052 between the subcontract amount awarded and the actual subcontract value.

The PBS Regional Commissioner agreed with the findings and listed the corrective actions that have been, or will be, taken to address them.

Award and Administration of Contract for Construction Services in Support of the American Recovery and Reinvestment Act of 2009 at the Internal Revenue Service Southwest Service Center, Austin, Texas

Memorandum Number A090184-27, dated February 29, 2012

Our review identified deficiencies related to the administration of the \$2.4 million task order for the replacement of chillers and associated mechanical equipment at the Internal Revenue Service Southwest Service Center in Austin, Texas.

First, PBS used an improper form of contracting (a multiple award schedule contract) as the procurement vehicle for this project. Since the work involved was entirely open market in nature, the contractor’s schedule price list was irrelevant, thus overall price reasonableness could not be established. Second, foreign-manufactured construction materials were installed in violation of the Buy American provision of the Recovery Act.

The PBS Regional Commissioner for the Greater Southwest Region agreed with our findings and responded that actions were initiated to address the identified issues.

Management Challenges

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' Offices of Inspector General. To facilitate implementation of this requirement, we developed internal procedures to process, evaluate, and act on these disclosures and created a website for contractor self reporting.

FAR Rule for Contractor Disclosure

Effective December 12, 2008, the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council agreed on a final rule amending the FAR. The final rule implements the Close the Contractor Fraud Loophole Act, Public Law 110–252, Title VI, 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 (e.g. 18 U.S.C. and the False Claims Act) including fraud, conflicts of interest, bribery, or the offering or acceptance of gratuities connected to the award, performance, or closeout of a government contract performed by the contractor or a 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 OIG's Office of Audits, Office of Investigations, and Office of Counsel jointly examine each acknowledgment and make a determination as to what actions, if any, are warranted. During this reporting period, the OIG received eight disclosures. These disclosures were connected to allegations of employee fraud and inappropriate behavior, as well as failures to comply with contract requirements related to billings, price reduction monitoring, and the Trade Agreements Act. Also during this reporting period, the OIG performed work on an additional 19 existing disclosures, and concluded its evaluation of nine disclosures that resulted in \$1,685,112 of savings and recoveries to the government. The OIG also assisted on seven disclosures that were referred by another agency because of their potential impact on GSA's operations.

Promoting and Protecting Integrity

GSA is responsible for providing working space for one million federal employees. The Agency also manages the transfer and disposal of excess and surplus real and personal property and operates a government-wide service and supply system. To meet the needs of customer agencies, GSA contracts for billions of dollars worth of equipment, supplies, materials, and services each year. We conduct reviews and investigations in all these areas to ensure the integrity of the Agency's financial statements, programs, and operations, and that the taxpayers' interests are protected. In addition to detecting problems in these GSA programs and operations, the OIG is responsible for initiative actions and inspections to prevent fraud, waste, and abuse and to promote economy and efficiency. When systemic issues are identified during investigations, they are shared with GSA management for appropriate corrective actions. **During this period, criminal, civil, and other monetary recoveries totaled over \$218 million** (see Tables 5 and 6).

Significant Initiatives, Civil Actions, and Criminal Investigations

Government Infrastructure Protection Initiative (GIPI)

In April 2010, the GSA OIG's Office of Investigations initiated the Government Infrastructure Protection Initiative (GIPI) to combat the proliferation of counterfeit software, information technology products, and other business products in the federal supply chain, which could pose a significant vulnerability to the government's infrastructure. GSA OIG partnered with the Intellectual Property Rights (IPR) Center operated by Immigration and Customs Enforcement (ICE), Homeland Security Investigations (HSI). This partnership facilitates the identification of unscrupulous suppliers to protect government buyers.

As part of this effort, the GSA OIG's Director of Investigative Operations is chairing a working group at the IPR Center, comprised of representatives from the Federal Bureau of Investigation (FBI), the Defense Criminal Investigative Service (DCIS), the Naval Criminal Investigative Service (NCIS), the Air Force Office of Special Investigations, and the Army Criminal Investigations Division, to address issues related to the proliferation of counterfeit goods in the government supply chain.

Integrated Circuit Counterfeiters Convicted and Sentenced

On October 25, 2011, a federal judge sentenced Stephanie McCloskey to 38 months of imprisonment and three years of supervised release, and ordered her to pay a \$100 special assessment fee. McCloskey was also ordered to pay \$166,141.23 pending the judge's determination of the full restitution amount to be paid to the U.S. government. A joint investigation by Immigration and Customs Enforcement's Homeland Security

Investigations unit, the NCIS, the DCIS, the Department of Transportation OIG, the U.S. Postal Inspection Service, and the GSA OIG revealed that McCloskey sold counterfeit integrated circuits while she worked for VisionTech Components. This led to a ten-count indictment of Shannon Wren and Stephanie McCloskey for federal conspiracy, trafficking in counterfeit goods, and mail fraud stemming from their role in a scheme to import and sell counterfeit integrated circuits from China and Hong Kong to the U.S. Navy, defense contractors and others. Some of the counterfeit products were marketed as "military-grade." Federal agents also seized items the conspirators purchased with the proceeds of the scheme, including a Showhauler Motor home, a Ferrari Spider, a Bentley Arnage, a Mercedes Benz, motorcycles, and funds in several bank accounts.

Civil and Administrative Recoveries

The Office of Investigations consolidated investigative efforts related to civil recoveries involving qui tam filings, FAR disclosures, and Trade Agreement Act (TAA) violations in its Washington, DC field office. In recognition of the need to expand civil recovery efforts throughout its field offices, the GSA OIG formalized this initiative as a separate unit to make use of the expertise the organization has gained through previous successful investigations. The unit serves as a one-stop shop for expert information and advice that is necessary to conduct civil investigations, and which contributed to the successes outlined below.

Oracle Agrees to Pay Government \$199.5 Million to Settle Qui Tam

On October 6, 2011, Oracle Corporation entered into a settlement agreement to pay the United States \$199,500 million, plus interest. The suit originated with a qui tam

Promoting and Protecting Integrity

Significant Initiatives, Civil Actions, and Criminal Investigations (continued)

complaint alleging that Oracle defrauded the United States by intentionally failing to disclose discounts offered to commercial customers when it sold software products to federal government agencies. This resulted in excess charges to the federal government throughout the life of the contract.

Federal Judge Enters \$6.1 Million Default Judgment Against Company

On October 11, 2011, a federal judge entered a default judgment in the amount of \$6,178,800 against C. Henderson Consulting, Inc. The order settled a civil complaint by the United States, alleging that company representatives falsely billed the Federal Emergency Management Agency in the amount of \$1,971,600 for ambulances the company claimed it provided through its GSA contract during the relief efforts following hurricanes Katrina and Rita. The investigation conducted by GSA OIG and Department of Homeland Security OIG revealed that C. Henderson Consulting billed the government for 60 to 70 ambulances a day even though it only had 50 ambulances available.

Cable Express Technologies (CXtec) Agrees to \$2 Million Settlement

On March 29, 2012 CXtec entered into a settlement agreement to pay the United States \$2,000,000. The suit originated with a qui tam complaint alleging that CXtec sold products to Federal agencies that were manufactured in China, Taiwan, Indonesia, Malaysia or Thailand even though such sales were prohibited by the Trade Agreements Act. This resulted in CXtec overcharging the federal government. The settlement also resolved allegations in the qui tam that CXtec had sold counterfeit brand-name electronics to the Federal government.

Staples Agrees to Resolve Claims

On January 9, 2012, Staples, Inc., agreed to pay the U.S. government \$1,493,386 for overcharging government customers under a GSA Federal Supply Schedule contract.

Criminal Investigations

Conviction Follows Assault on GSA OIG Special Agent

On March 7, 2012, Darrell Hardie was found guilty of assaulting a federal agent after a two-day trial. GSA OIG agents had arrested Hardie on September 29, 2011, after he used his vehicle to threaten a GSA special agent who was engaged in surveillance near Hardie's residence.

GSA Employee Sentenced in Bribery Case

On October 24, 2011, Eric Minor, a GSA Customer Service Manager, was sentenced to 30 months of incarceration and two years of supervised release, and ordered to pay \$118,000 in restitution to GSA and a \$100 special assessment fee. The sentence follows Minor's guilty plea to bribery charges. Previous investigation revealed that Minor accepted numerous cash bribes over a period of several years in return for maintenance contracts at GSA facilities. In December 2010, GSA OIG agents executed a federal search warrant at Minor's residence and seized over \$71,000 in cash that was found in a container in his bedroom. This investigation was conducted jointly with the FBI and was the culmination of a multi-year investigation into corruption by government employees and civilian contractors who were involved in the award and administration of GSA contracts in the Washington, DC, metro area. The investigation has resulted in the conviction of 11 individuals (including Minor), all of whom pled guilty to federal criminal offenses, including bribery and conspiracy.

Two Indicted in Bribery/Kickback Scheme

On December 21, 2011, the owner and a former employee of a group of office supply companies were charged with wire fraud, mail fraud, bribery, and money laundering. These charges stemmed from a joint investigation of the NCIS, the FBI, the DCIS, the Air Force Office of Special Investigations, the Army Criminal Investigation Division's Major Procurement Fraud Unit, Internal Revenue Service Criminal Investigation, and the GSA OIG. The investigation revealed that the pair schemed to defraud the federal government by paying

Promoting and Protecting Integrity

Significant Initiatives, Civil Actions, and Criminal Investigations (continued)

government purchase credit card holders bribes and kickbacks as an enticement to order office supplies from the office supply companies at greatly inflated prices. The government purchase credit cards involved were issued under the GSA SmartPay2 Program.

Former Company President Sentenced to Three Years' Incarceration

On December 19, 2011, Breck Taylor, former President of Red River Computer Company, Inc., was sentenced in U.S. District Court to three years in federal prison and one year of supervised release after pleading guilty to wire fraud, attempted wire fraud, and conversion of government funds. Taylor was also directed to forfeit \$431,949.14 and ordered to pay a special assessment of \$400. As previously reported, Taylor was charged with these violations and pled guilty to them on September 8, 2011, after a joint investigation conducted with the FBI and DCIS revealed Taylor and his company, Red River, committed fraud in their dealings with the government through the GSA Federal Supply Schedule program, as well as through competitively-bid, sole-sourced, and open-market transactions. Taylor served as a shareholder, director, employee, and President of Red River.

Investigation Leads to Multiple Guilty Pleas in \$1.2 million Payphone Scam

On February 6, 2012, Colin Nordstrom, Vice President of Sales for Mid-America Payphone, Inc., pled guilty to perjury. On February 17, 2012, August Schober, Mid-America's Vice President, pled guilty to wire fraud. Jeff Frost, Mid-America's President, pled guilty to money laundering on February 21, 2012. These guilty pleas conclude a GSA OIG investigation initiated after a GSA employee reported unusual calling patterns originating from government pay telephones to toll-free numbers. The investigation, worked jointly with Internal Revenue Service Criminal Investigation, revealed the trio schemed to defraud the federal government, state agencies, and private businesses of at least \$1.2 million by programming payphones owned by their company to exploit the Federal Communications Commission regulation permitting payphone service providers to collect \$0.49 for every toll-free call completed from their payphones. The fees collected through this scheme

were paid by the owners of the toll-free numbers, including GSA.

Payphone Fraud Scam Results in Prison Sentence and \$2.6 million Restitution Order

On January 4, 2012, Nicolaos Kantartzis, President of Federal Telephone Company, Inc., was sentenced to three months of incarceration, three months of home confinement, and three years of supervised release, and also ordered to pay a \$20,000 fine and \$2.6 million in restitution. Kantartzis had pled guilty to federal wire fraud violations, and had already forfeited \$2.8 million in proceeds from his fraud scheme. The GSA OIG began its investigation after a GSA employee noticed unusual calling patterns from payphones into toll-free numbers operated by GSA. A joint investigation with the FBI disclosed that Kantartzis programmed approximately 160 payphones owned by his company to automatically dial toll-free numbers, so he could collect \$.49 per call. Victims of this "dial-around compensation" fraud scheme included GSA, several other federal agencies, and private businesses.

Vehicle Title Launderer Sentenced to Two Years' Imprisonment

On January 10, 2012, Jerry Weaver was sentenced to two years of imprisonment and three years of supervised release. This sentence follows the sentences of co-conspirators Jayeskum Patel, to three years of probation; Daniel Bass, to 18 months in prison and three years of supervised release; and Babauk Harizavi, to five years of probation. A joint investigation conducted by GSA OIG, the FBI, United States Postal Inspection Service, Texas Department of Transportation, and the National Insurance Crime Bureau disclosed that the group conspired to use the mechanic's lien process to file fraudulent paperwork with the Texas Department of Motor Vehicles to obtain clean Texas vehicle titles for damaged vehicles, including GSA Fleet vehicles that had been sold for salvage.

Promoting and Protecting Integrity

Significant Initiatives, Civil Actions, and Criminal Investigations (continued)

Works Progress Administration (WPA) Art Recovery Project

GSA is the custodian of the many works of art produced through the Works Progress Administration (WPA). Since the United States commissioned countless pieces of art during the New Deal era, many precious historical pieces have unlawfully made their way into the marketplace and collectors' hands. The OIG has continued to work closely with the Public Buildings Service, Fine Arts Program Office, to identify and recover lost and stolen American Cultural Property produced at government expense during the New Deal era. We also continued our campaign to more widely publicize recovery efforts. On May 31, 2011, the Public Broadcasting Service program, *The Antiques Road Show*, aired a segment concerning our art recovery efforts, and we immediately observed an increase in the numbers of reports relating to WPA artwork improperly remaining in public hands.

Our accomplishments during this reporting period include three recoveries of lost artwork which include the *Head of Lincoln* statue by A. William Mues, the *Airfield-Stonington* painting by Archie Tillinghast, and *The Old Tannery* painting by Rockwell Carey.

Suspension and Debarment Initiative

GSA has a responsibility to ascertain whether the people or companies it does business with are eligible to participate in federally-assisted programs and procurements, and that they are not considered "excluded parties." Excluded parties are individuals and companies debarred, suspended, proposed for debarment, or declared ineligible to receive contracts by a federal agency. The Federal Acquisition Regulation authorizes an agency to suspend or debar individuals or companies for the commission of any offense indicating a lack of business integrity or business honesty that directly affects the present responsibility of a government contractor or subcontractor. The OIG has made it a priority to process and forward referrals to GSA, so GSA can 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 319 referrals for consideration of suspension/debarment to the GSA Office of Acquisition Policy. GSA issued 142 suspension and debarment actions based on current and previous OIG referrals.

Integrity Awareness

The OIG presents Integrity Awareness Briefings nationwide to educate GSA employees on their responsibilities for the prevention of fraud and abuse and to reinforce employees' roles in helping to ensure the integrity of Agency operations. This period, we presented 24 briefings attended by 188 regional and Central Office employees. These briefings explain the statutory mission of the OIG and the methods available for reporting suspected instances of wrongdoing. In addition, through case studies, the briefings make GSA employees aware of actual instances of fraud in GSA and other federal agencies and thus help to prevent their recurrence. GSA employees are the first line of defense against fraud, abuse, and mismanagement. They are a valuable source of successful investigative information.

Hotline

The OIG Hotline provides an avenue for employees and other concerned citizens to report suspected wrongdoing. Hotline posters located in GSA-controlled buildings encourage employees to use the Hotline. We also use our FraudNet Hotline platform to allow Internet reporting of suspected wrongdoing. During this reporting period, we received 1,131 Hotline contacts. Of these contacts, 220 Hotline cases were initiated. In 66 of these cases, referrals were made to GSA program officials for review and action as appropriate, 49 were referred to other federal agencies for follow up, 92 were referred for OIG criminal/civil investigations or audits, and 18 did not warrant further review.

Forensic Auditing, Evaluation, and Analysis

Forensic Auditing

The Forensic Auditing function employs innovative auditing and investigative techniques to detect fraudulent or abusive conduct within Agency operations and programs. It develops evidence that meets the admissibility standards for prosecution in federal courts. During this period, Forensic Auditing initiated two proactive reviews focusing on data-mining and data analysis of potentially fraudulent activities. In addition, the office initiated and closed out a proactive data-mining examination. Forensic Auditing conducted operations that led to two referrals to Office of Investigations for further review and initiated continual data-mining and analytical support efforts for 12 ongoing Office of Investigations cases.

Evaluations and Analysis

The Evaluation and Analysis function conducts operational assessments of OIG field offices and other operating components. During this reporting period, evaluation and analysis conducted and closed out two operational assessments of OIG component offices and initiated three special project reviews on agency operations.

Government-Wide Policy Activities

We regularly provide advice and assistance on government-wide policy matters to the Agency, as well as to other federal agencies and to committees of Congress. In addition, as required by the Inspector General Act of 1978, we review existing and proposed legislation and regulations to determine their effect on the economy and efficiency of the Agency's programs and operations and on the prevention and detection of fraud and mismanagement. Because of the central management role of the Agency in shaping government-wide policies and programs, most of the legislation and regulations reviewed invariably affect government-wide issues in areas such as procurement, property management, travel, and government management and information technology systems. To ensure the auditor's independence when performing subsequent audit work, we participate in Agency task forces, committees, and working groups in an observer or advisor capacity.

Interagency Committees and Working Groups

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

- **Council of the Inspectors General on Integrity and Efficiency (CIGIE).** The Inspector General is a member of the Investigations Committee, Professional Development Committee, and Homeland Security Roundtable.
- **Federal Audit Executive Council Contracting Committee.** The Assistant Inspector General for Audits and the Deputy Assistant Inspector General for Auditing, Acquisition Programs Audit Office, participate in the Federal Audit Executive Council Contracting Committee, created in December 2007. This Committee provides a forum to share information about, and coordinate audits of, significant contracting and procurement issues of interest to the OIG community and the federal government as a whole. The Committee also develops and recommends best practices to be used by OIGs in addressing contracting issues.
- **Financial Fraud Enforcement Task Force's Recovery Act, Procurement, and Grant Fraud Working Group: Public and Private Sector Outreach Committee.** The U.S. Attorney General's Financial Fraud Enforcement Task Force collaborates with federal agencies and state and local partners to prevent, detect, and prosecute financial fraud. In recognition of the important perspectives on fighting fraud brought by state and local governments as well as the private companies, the Public and Private Sector Outreach Committee of the Task Force, co-chaired by Inspector General Miller and U.S. Department of the Treasury Inspector General Eric Thorson, has been reaching out through discussions and meetings with various audiences throughout the country. GSA OIG has been sharing information with federal, state, and local partners through a quarterly report containing criminal convictions and civil settlements as well as an interactive map linking state and local websites that contain information on disreputable individuals and companies.
- **Government Infrastructure Protection Initiative (GIPI).** The GSA OIG's Office of Investigations initiated the Government Infrastructure Protection Initiative (GIPI) to combat the proliferation of counterfeit software, information technology products and other business products in the federal supply chain, which could pose a significant vulnerability to the government's infrastructure. GSA OIG partnered with the Intellectual Property Rights Center operated by ICE, Homeland Security Investigations.
- **Recovery Accountability and Transparency Board Working Group (Recovery Working Group).** The GSA OIG is a participating member of the Recovery Working Group, which is comprised of the 29 OIGs with responsibilities for overseeing the use of Recovery Act funds. The Recovery Working Group provides advice and makes recommendations to the Recovery Funds Working Group Committee on how best to coordinate the oversight efforts of federal, state and local governments.
- **Regional Procurement Fraud Working Group.** The Special Agent in Charge and the Regional Inspector General for Auditing in our Heartland Region Office participate in the quarterly meetings of the Western District of Missouri and Kansas Regional Procurement Fraud Working Group (Working Group).

Government-Wide Policy Activities

Interagency Committees and Working Groups (continued)

The goal of the Working Group is to detect, prevent and prosecute procurement fraud. The meetings are chaired by the Chief of the Fraud and Corruption Unit of the U.S. Attorney's Office for the Western District of Missouri. Members of the group include representatives from the Department of Justice, the Regional Field Office of the FBI, and the region's Offices of Inspectors General. The Working Group's meetings are attended by attorneys, agents and auditors from various federal government agencies. In addition to increasing the contact, and improving the communication, between agencies and the U.S. Attorney's Offices, these meetings have resulted in innovative methods to identify and prosecute fraud and have brought about the development of collaborative cases among different government agencies.

- **TeamMate Technical Support Group.** Our TeamMate Technical Support Group participates in the TeamMate Federal Users Group and the Commerce Clearing House TeamMate Users Group to discuss concerns and new challenges facing TeamMate users. TeamMate is an automated audit workpaper management system that strengthens the audit process and increases the efficiency of our auditors.
- **Interagency Fraud and Risk Data Mining Group (IFRDMG).** The Office of Forensic Auditing, Evaluation, and Analysis, is a participating member of the IFRDMG, and hold an executive committee board member position in guiding the future of this group. The IFRDMG collaborates the efforts of investigators and auditors across the federal Inspector General community for the purpose of sharing best practices and evaluating the latest data mining and risk modeling tools and techniques to detect emerging risks and patterns.

Legislation, Regulations, and Subpoenas

During this reporting period, the OIG reviewed numerous legislative matters and proposed regulations. We also responded to requests from Congressional members on behalf of their constituents. Additionally, we issued 60 subpoenas in support of our audit, inspection, evaluative, and investigative work. The OIG also made substantive comments on several proposed laws and regulations.

Intra-agency Task Forces, Committees, and Working Groups

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

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

Government-Wide Policy Activities

Interagency Committees and Working Groups (continued)

During this period we were involved with:

- **The Multiple Award Schedule Working Group.**

The Multiple Award Schedule (MAS) Working Group was established as a result of an OIG report released in August 2001 relating to MAS contracting pricing practices. The MAS Working Group is primarily comprised of representatives from the FAS and the OIG, along with representatives from the Office of the Chief Acquisition Officer and ad hoc members from within other branches of the Agency. The MAS Working Group has served as an effective institutionalized communications channel for both broad policy issues and discrete issues having to do

with particular contracts or audits. The MAS Working Group developed guidance for MAS contracting officers regarding the performance and use of preaward MAS contract audits and reinvigorated the process by which FAS and the OIG select and commence preaward audits of contractors. The MAS Working Group has also focused on issuing guidance to contracting officers regarding negotiation objectives and discrete negotiation issues for MAS contract awards. It has also provided input to FAS in its efforts to upgrade or enhance pricing performance measures on MAS contracts.

Statistical Summary of OIG Accomplishments

Reports Issued

The OIG issued 45 reports. The 45 reports contained financial recommendations totaling \$316,250,188 including \$301,500,542 in recommendations that funds be put to better use and \$14,749,646 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 Reports

Table 1 summarizes the status of the universe of reports requiring management decisions during this period, as well as the status of those reports as of March 31, 2012. Table 1 does not include two implementation reviews that were issued during this period because they are excluded from the management decision process. Table 1 also does not include two 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
<i>For which no management decision had been made as of 10/01/2011</i>			
Less than six months old	28	16	\$50,017,063
Six or more months old	0	0	\$0
Reports issued this period	43	28	\$316,250,188
TOTAL	71	44	\$366,267,251
<i>For which a management decision was made during the reporting period</i>			
Issued prior periods	28	16	\$50,017,063
Issued current period	21	16	\$74,370,057
TOTAL	49	32	\$124,387,120
<i>For which no management decision had been made as of 03/31/2012</i>			
Less than six months old	22	12	\$241,880,131
Six or more months old	0	0	\$0
TOTAL	22	12	\$241,880,131

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

Statistical Summary of OIG Accomplishments

Management Decisions on Reports with Financial Recommendations

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

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

	Number of Reports	Financial Recommendations
<i>For which no management decision had been made as of 10/01/2011</i>		
Less than six months old	11	\$49,397,634
Six or more months old	0	\$0
Reports issued this period	22	\$301,500,542
TOTAL	33	\$350,898,176
<i>For which a management decision was made during the reporting period</i>		
Recommendations agreed to by management based on proposed –		
Management action	24	\$123,411,028
Legislative action	0	\$0
Recommendations not agreed to by management	1	\$194,658
TOTAL	25	\$123,605,686
<i>For which no management decision had been made as of 03/31/2012</i>		
Less than six months old	8	\$227,292,490
Six or more months old	0	\$0
TOTAL	8	\$227,292,490

Statistical Summary of OIG Accomplishments

Table 3. Management Decisions on OIG Reports with Questioned Costs

	Number of Reports	Questioned Costs
<i>For which no management decision had been made as of 10/01/2011</i>		
Less than six months old	8	\$619,429
Six or more months old	0	\$0
Reports issued this period	14	\$14,749,646
TOTAL	22	\$15,369,075
<i>For which a management decision was made during the reporting period</i>		
Disallowed costs	15	\$781,434
Cost not disallowed	0	\$0
TOTAL	15	\$781,434
<i>For which no management decision had been made as of 03/31/2012</i>		
Less than six months old	7	\$14,587,641
Six or more months old	0	\$0
TOTAL	7	\$14,587,641

Statistical Summary of OIG Accomplishments

Investigative Workload

The OIG opened 204 investigative cases and closed 166 cases during this period. In addition, the OIG received and evaluated 72 complaints and allegations from sources other than the Hotline that involved GSA employees and programs. Based upon our analyses of these complaints and allegations, OIG investigations were not warranted.

Referrals

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

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

During this period, the OIG also made 12 referrals to GSA officials for information purposes only.

Actions on OIG Referrals

Based on these and prior referrals, 35 cases (53 subjects) were accepted for criminal prosecution and five cases (six subjects) were accepted for civil litigation. Criminal cases originating from OIG referrals resulted in 42 indictments/informations and 31 successful prosecutions. OIG civil referrals resulted in three case settlements. Based on OIG administrative referrals, management debarred 42 contractors/individuals, suspended 100 contractors/individuals, and took nine personnel actions against employees.

Table 4. Summary of OIG Referrals

Type of Referral	Cases	Subjects
Criminal	57	88
Civil	9	10
Administrative	53	69
Suspension	45	117
Debarment	72	202
TOTAL	236	486

Statistical Summary of OIG Accomplishments

Monetary Results

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

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

Table 5. Criminal and Civil Recoveries

	Criminal	Civil
Fines and Penalties	\$139,085	
Settlements		\$207,678,800
Recoveries		
Forfeitures	\$4,618,438	
Seizures	\$3,949	
Restitutions	\$3,836,453	
TOTAL	\$8,597,925	\$207,678,800

Table 6. Other Monetary Results

Administrative Recoveries	\$2,218,316
Forfeitures	\$1,466
TOTAL	\$2,219,782

APPENDICES

Appendix I—Significant Audits from Prior Reports

Under the Agency audit management decision process, the GSA Office of Administrative Services, GAO/IG Audit Response Division, is responsible for tracking the implementation of audit recommendations after a management decision has been reached. That office furnished the following status information.

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

Acquisition Career Management Information System (ACMIS)

Period First Reported: April 1, 2011 to September 30, 2011

The objective of the audit was to assess the reliability of the data contained in the Acquisition Career Management Information System (ACMIS). Specifically, we evaluated how useful the data is in making management decisions regarding budgeting, staffing, training, and employee development related to GSA's acquisition workforce. The report contained seven recommendations; four have not been implemented.

The remaining recommendations involve implementing controls during system planning and development to ensure data reliability; working with the Office of Federal Procurement Policy to establish controls regarding agency accountability to ensure system use and government-wide data accuracy; ensuring contracts awarded for the development, implementation, and maintenance of the system contain proper requirements related to user support; and ensuring that the development, implementation, and maintenance of the system that will replace ACMIS adhere to system development life cycle guidelines. They are scheduled for completion between April 15, 2012 and July 15, 2012.

FY 2011 FISMA Audit of GSA's Information Technology Security Program

Period First Reported: April 1, 2011 to September 30, 2011

The objective of the audit was to determine if GSA has developed, documented, and implemented an Agency-wide information security program. The report contained five recommendations, which have not been implemented.

The recommendations involve the Office of the Chief Information Officer strengthening configuration management practices; improving security of GSA's social media technologies; clarifying labeling requirements for GSA's sensitive security documentation; improving personal security of commercial systems used to provide government services; and ensuring that appropriate warning banners are displayed. They are scheduled for completion between July 15, 2012 and October 15, 2012.

Information Technology Solution Shop (ITSS) System Performance and Functionality

Period First Reported: April 1, 2011 to September 30, 2011

The objective of the audit was to assess the performance and functionality of ITSS in meeting system users' needs. The report contained two recommendations, which have not been implemented.

The recommendations involve designing a fully-functional procurement system for the Assisted Acquisition Service that incorporates a standardized procurement process; and developing standardized training for ITSS system users. They are scheduled for completion by May 15, 2012.

Appendix I—Significant Audits from Prior Reports

GSA’s Transition from FTS2001 to Networx

Period First Reported: April 1, 2011 to September 30, 2011

The objectives of the audit were to assess GSA’s transition to Networx and to examine what GSA can do to improve future telecommunications transitions. The report contained two recommendations; one has not been implemented.

The remaining recommendation involves documenting identified internal setbacks, obstacles encountered, and the lessons learned during the transition from FTS2001 to Networx to facilitate the execution of future transitions. It is scheduled for completion by May 15, 2012.

GSA’s Fleet Monitoring of Alternative Fuel Vehicle Surcharge Payments

Period First Reported: April 1, 2011 to September 30, 2011

The objective of the audit was to determine if GSA Fleet appropriately monitors Alternative Fuel Vehicle (AFV) monthly surcharges collected from customer agencies and, if material weaknesses are identified with GSA Fleet’s monitoring processes, what actions should be taken. The report contained two recommendations; one has not been implemented.

The remaining recommendation involves modifying AFV surcharge payment monitoring practices to ensure compliance with federal regulations. It is scheduled for completion by November 15, 2012.

Recovery Act Report - Thurgood Marshall U.S. Courthouse Project

Period First Reported: April 1, 2011 to September 30, 2011

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

The remaining recommendation involves PBS ensuring that firm-fixed price contracts are negotiated in final prior to award, rather than subject to retrospective pricing adjustments based on post-award audits by the GSA Office of Inspector General. It is scheduled for completion by April 15, 2012.

Recovery Act Report - Improper Obligation of Construction Contingency Funds

Period First Reported: April 1, 2011 to September 30, 2011

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

The recommendation involves PBS developing and implementing methodology to review GSA contract modifications to ensure that obligations are valid. It is scheduled for completion by June 15, 2012.

Consistency in Implementing Policy Across Acquisition Centers - Temporary Extensions

Period First Reported: October 1, 2010 to March 31, 2011

The objective of the audit was to determine if FAS acquisition centers are consistently implementing and adhering to regulations, policies, and procedures regarding temporary extensions. The report contained three recommendations; one has not been implemented.

The remaining recommendation involves improving FAS’s ability to manage and reduce the need for temporary extensions within the MAS program by developing an automated method of accumulating and reporting data regarding the use of temporary extensions. It is scheduled for completion by April 15, 2012.

Appendix I—Significant Audits from Prior Reports

Information Technology Security Audit of the Information Technology Solution Shop (ITSS) System

Period First Reported: October 1, 2010 to March 31, 2011

The objective of the audit was to determine if FAS has implemented management, operational, and technical security controls to effectively manage risks inherent with a “moderate” risk system, in accordance with FISMA and GSA’s IT Security Program. The report contained four recommendations; one has not been implemented.

The remaining recommendation involves FAS implementing two-factor authentication for remote access by the ITSS system administrators. It is scheduled for completion by June 15, 2012.

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

Period First Reported: October 1, 2010 to March 31, 2011

The objective was to conduct an audit of GSA’s consolidated balance sheet, the individual balance sheet of the Federal Building Fund and the Acquisition Service Fund, the related consolidated and individual statement of net cost, the changes in net position and the combined and individual statements of budgetary resources for fiscal year 2010. The report contained 117 recommendations; six have not been implemented.

The remaining recommendations involve the Office of the Chief Financial Officer (CFO) working with agency officials to adjust or implement automated application controls to ensure that the corresponding feeder systems have the capability to capture all necessary data to report financial transactions; reviewing GSA policies and procedures regarding the use of encryption during the user authentication process; implementing encryption for OA Tool, OA Billing, and RETA; developing and implementing a process to review and document a periodic review of PBS Portal audit logs identifying access violations; reviewing Pegasys user audit logs to determine that application use was appropriate; and maintaining audit log histories that are backed up to media for 24 months and security exceptions that were

sent to the CFO IT Security mailbox for 12 months. They are scheduled for completion between April 15, 2012 and October 15, 2012.

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

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

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

The remaining recommendation involves the FAS seeking recoveries, when economical, advisable, and feasible from MAS vendors when there is a failure to cite contractual PPD terms on invoices. It is scheduled for completion by April 15, 2012.

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

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

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

The remaining recommendation involves the Chief Financial Officer taking the necessary actions to improve system usability by (a) coordinating with the E-Gov Travel Management Office to have GSA employee concerns addressed with system modifications, (b) promoting training for E2 for GSA employees, and (c) reconsidering Section 508 compliance requirements. It is scheduled for completion by July 15, 2012.

Appendix I—Significant Audits from Prior Reports

GSA’s Fiscal Year 2009 Financial Statements

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

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

The remaining recommendations involve the Chief Financial Officer working with other agency officials to: develop and implement a process to review and document a periodic review of PBS portal audit logs identifying access violations; and update web server to restrict arbitrary HTML/Code to address cross-site scripting issues. They are scheduled for completion by May 15, 2012.

Consistency in Implementing Policy Across Acquisition Centers

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

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

The remaining recommendation involves FAS developing and implementing policy and training for acquisition personnel on a number of subjects, including most favored customer pricing, the use of cost analyses, and the use of volume discounting during negotiations. It is scheduled for completion by May 15, 2012.

Review of Program Performance Measurement for the MAS Procurement Program

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

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

The remaining recommendation focuses on the establishment of an internal review program that can quantifiably assess whether MAS contracts meet requirements for quality in terms of compliance with laws, regulations and guidelines. It is scheduled for completion by May 15, 2012.

Multiple Award Schedule Program Contract Workload Management

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

The objective of the audit was to determine if the FAS was effectively managing the workload associated with processing contract actions in the Schedules program. The report contained ten recommendations; two have not been implemented.

The remaining recommendations involve establishing specific nationwide guidance related to Price Analysis Documentation Requirements and Negotiation Policies and Techniques for schedule contracts; and developing standardized procedures for the initial screening of offers. They are scheduled for completion by April 15, 2012.

Appendix II–Audit Report Register

Date of Report	Report Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs

(Note: Because some audits pertain to contract awards or actions that have not yet been completed, the financial recommendations related to these reports are not listed in this Appendix.)

PBS Internal Audits

01/10/12	A110119	Review of Public Building Service's Procurement of Public Relations Services at the Bannister Federal Complex, Task Order GS-P-06-10-GX-0012		\$32,836
02/17/12	A110215	Recovery Act Report - Audit of Small Project American Recovery and Reinvestment Act of 2009 Funding Used for Move Costs		
03/08/12	A090172	Recovery Act Report - Robert A. Young Federal Building Envelope Improvement Construction Project, Audit of PBS's Major Construction and Modernization Projects Funded by the American Recovery and Reinvestment Act of 2009		
03/30/12	A090172	Recovery Act Report - Mariposa Land Port of Entry Modernization Project Construction Management Services for Phase 1 Construction Audit of PBS's Major Construction and Modernization Projects Funded by the American Recovery and Reinvestment Act of 2009		
03/30/12	A090172	FY 2012 Office of Inspector General Information Technology Security Audit of the REXUS System		
03/30/12	A120055	Recovery Act Report - Improper Obligation of Construction Funds for the 1800 F Street Modernization Project Audit of PBS's Major Construction and Modernization Projects Funded by the American Recovery and Reinvestment Act of 2009		

PBS Attestation Engagements

10/18/11	A100215	Examination of Construction Management Services Contract: Bovis Lend Lease LMB, Inc., Contract Number GS-02P-07-DTC-0009(NEG), Modification Number PS08		
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Appendix II—Audit Report Register

Date of Report	Report Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
12/01/11	A110170	Examination of a Claim: Salsbury Electric Company, Inc., Subcontractor to Associated Builders, Inc., Contract No. GS-11B-07-YTC-0489		
12/02/11	A110205	Examination of Cost Accounting Standards Board Disclosure Statement: Gilbane Building Company - Southwest Region, Contract Number GS-07P-09-UY-C-0008		
12/19/11	A110153	Examination of a Claim: Letsos Company, Subcontractor to W. G. Yates & Sons Construction Company, Contract Number GS-07P-05-URC-5007		
01/31/12	A110177	Examination of a Claim: Way Engineering, Ltd., Subcontractor to W. G. Yates & Sons Construction Company, Contract Number GS-07P-05-URC-5007, Originally Issued November 22, 2011, Revised Version Issued January 31, 2012		
02/03/12	A120065	Examination of a Claim: Bergelectric Corporation, Subcontractor to Caddell Construction Co., Inc., Contract Number GS-07P-05-UEC-3003		
02/08/12	A120075	Examination of a Claim: Enola Contracting Services, Inc., Contract Number GS-04P-07-EX-C-0167		
03/28/12	A120070	Examination of a Claim: Cobb Mechanical Contractors, Subcontractor to Caddell Construction Co., Inc., Contract Number GS-07P-05-UEC-3003		

FAS Internal Audits

12/14/11	A110105	Audit of GSA's Acquisition of Vehicles		
01/19/12	A120072	Implementation Review of Corrective Action Plan, Audit of Personal Property Management Donation Program, Federal Acquisition Service, Report Number A080104/Q/5/P09003, Dated August 25, 2009		
01/20/12	A110065	Opportunities to Improve the Federal Acquisition Service's City Pair Program Through Data Analysis		

Appendix II—Audit Report Register

Date of Report	Report Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
02/03/12	A090256	Audit of the Multiple Award Schedule Program Industrial Funding Fee		
03/30/12	A110117	Audit of Personal Property Donation Program: New Jersey State Agency for Surplus Property, Federal Acquisition Service, Northeast and Caribbean Region		
03/30/12	A120052	Audit of GSA's Cost-Reimbursement Contracts		

FAS Attestation Engagements

10/13/11	A100210	Preaward Examination of Multiple Award Schedule Contract Extension: Labat-Anderson, Inc., Contract Number GS-25F-0028L		
11/15/11	A110197	Preaward Examination of Multiple Award Schedule Contract Extension: KDH Defense Systems, Inc., Contract Number GS-07F-0249T		\$1,331
11/17/11	A100217	Preaward Examination of Multiple Award Schedule Contract: CliniComp International, Inc., Contract Number GS-35F-0475L		
11/17/11	A110159	Preaward Examination of Multiple Award Schedule Contract Extension: Wright Line, LLC, Contract Number GS-29F-0100G		\$11,370
12/01/11	A110164	Preaward Examination of Multiple Award Schedule Contract Extension: Akal Security, Inc., Contract Number GS-07F-0061M		\$45,240
12/07/11	A110176	Preaward Examination of Multiple Award Schedule Contract Extension: Fontaine Trailer Company, Incorporated, Contract Number GS-30F-0018T		
12/16/11	A110162	Preaward Examination of Multiple Award Schedule Contract Extension: Ogilvy Public Relations Worldwide, Contract Number GS-23F-0060M		\$5,584
12/20/11	A110155	Preaward Examination of Multiple Award Schedule Contract Extension: Terrapin Systems, LLC., Contract Number GS-35F-0562L		\$263,653

Appendix II—Audit Report Register

Date of Report	Report Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
12/22/11	A110178	Preaward Examination of Multiple Award Schedule Contract Extension: Sharp Electronics Corporation, Contract Number GS-25F-0037M		\$49,653
12/27/11	A110191	Preaward Examination of Multiple Award Schedule Contract Extension: Scott Technologies Incorporated, Contract Number GS-07F-9563G		\$24,137
12/27/11	A110198	Preaward Examination of Multiple Award Schedule Contract Extension: Paradigm Technologies Incorporated, Contract Number GS-23F-0023T		
01/19/12	A110152	Preaward Examination of Multiple Award Schedule Contract Extension: Technology Associates International Corporation, Contract Number GS-35F-0474L		
01/23/12	A110186	Preaward Examination of Multiple Award Schedule Contract Extension: BRSI, L.P., Contract Number GS-23F-0186L		
02/17/12	A110112	Limited Scope Postaward Examination of Multiple Award Schedule Contract: National Instruments Corporation, Contract Number GS-24F-0007K		\$13,106,692
02/22/12	A110089	Preaward Examination of Multiple Award Schedule Contract Extension: Quality Software Services, Inc., Contract Number GS-35F-0308L		\$714
03/01/12	A110097	Preaward Examination of Multiple Award Schedule Contract Extension: Dell Marketing, L.P., Contract Number GS-35F-4076D		
03/02/12	A120021	Preaward Examination of Multiple Award Schedule Contract Extension: Presidio Networked Solutions, Inc., Contract Number GS-35F-4554G		\$31,878
03/07/12	A110200	Preaward Examination of Multiple Award Schedule Contract Extension: Deco, Inc., Contract Number GS-07F-0103M		\$24,690
03/16/12	A100191	Postaward Examination of Multiple Award Schedule Contract Number GS-29F-0119C for the Period January 1, 2004 to June 30, 2010: ErgoGenesis, LLC		\$1,131,143

Appendix II–Audit Report Register

Date of Report	Report Number	Title	Financial Recommendations	
			Funds to Be Put to Better Use	Questioned (Unsupported) Costs
03/21/12	A120022	Preaward Examination of Multiple Award Schedule Contract Extension: Telos Corporation, Contract Number GS-35F-4315D		\$20,725
03/27/12	A120074	Preaward Examination of Multiple Award Schedule Contract Extension: Kimball International, Inc., Contract Number GS-29F-0177G		
<i>Other Internal Audits</i>				
10/25/11	A110189	Implementation Review of Corrective Action Plan of the Audit of GSA's Living Quarters Allowance Process, Report Number A090103/B/F/F09009, Dated September 4, 2009		
12/22/11	A110103	Audit of General Services Administration's Fiscal Year 2011 Financial Statements		
03/09/12	A120002	Audit of GSA's Improper Payments Performance		
03/29/12	A120054	FY 2012 Office of Inspector General Information Technology Security Audit of the Data.gov - Terremark System		

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

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

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

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

Date of Report	Report Number	Title
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Attestation Engagements

8/28/07	A060196	Preaward Review of Request for Equitable Adjustment: Tigard Electric, Incorporated, Contract Number GS-10P-02-LTC-0025
4/29/08	A080084	Review of Change Order Proposal for Resolution of Wage Rate: Kenmor Electrical Company, LP, Contract Number GS-07P-05-URC-5007
8/5/08	A080077	Preaward Review of Multiple Award Schedule Contract Extension: Gartner, Inc., Contract Number GS-35F-5014H
12/12/08	A080177	Preaward Review of Multiple Award Schedule Contract Extension: Tecolote Research, Incorporated, Contract Number GS-35F-5115H
12/29/08	A090042	Postaward Audit Report on Direct Costs Incurred on Trilogy Project: Computer Sciences Corporation, Contract Number GS00-T99-ALD204
1/20/09	A080136	Preaward Review of Multiple Award Schedule Contract Extension: Dynamic Decisions, Inc., Contract Number GS-35F-5879H
2/4/09	A080067	Preaward Review of Multiple Award Schedule Contract Extension: Haworth, Inc., Contract Number GS-28F-8014H
3/3/09	A080085	Preaward Review of Multiple Award Schedule Contract Extension: The HON Company, Contract Number GS-28F-8047H
3/23/09	A080212	Preaward Review of Multiple Award Schedule Contract Extension: Phillips Corporation - Federal Division, Contract Number GS-07F-7729C
4/27/09	A080210	Preaward Review of Multiple Award Schedule Contract Extension: ImmixTechnology, Inc., Contract Number GS-35F-033J
6/11/09	A080077	Limited Scope Postaward Review of Multiple Award Schedule Contract: Gartner, Inc., Contract Number GS-35F-5014H
7/8/09	A090007	Preaward Review of Multiple Award Schedule Contract Extension: Booz Allen Hamilton, Inc., Contract Number GS-35F-0306J
8/6/09	A090145	Preaward Review of Multiple Award Schedule Contract Extension: BTAS, Inc., Contract Number GS-35F-0546J
8/19/09	A090106	Preaward Review of Multiple Award Schedule Contract Extension: Perot Systems Government Services, Inc., Contract Number GS-00F-0049M

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

Date of Report	Report Number	Title
8/21/09	A080030	Preaward Review of Multiple Award Schedule: Hewlett-Packard Company, Solicitation Number FCIS-JB-980001
8/21/09	A090090	Preaward Review of Multiple Award Schedule Contract Extension: Ezenia!, Inc., Contract Number GS-35F-0475P
8/27/09	A090228	Report on Audit of Parts of A Firm Fixed Price Proposal for Architectural and Engineering Services on the New St. Elizabeth's West Campus of the U.S. Department of Homeland Security Headquarters and Consolidated National Operations Center (NOC): Greenhorne & O'Mara, Inc., Solicitation Number GS11-P08-MKC0079
9/3/09	A090089	Preaward Review of Multiple Award Schedule Contract Extension: Mohawk Carpet Corporation, Less Carpets Division, Contract Number GS-27F-0031N
9/4/09	A090074	Preaward Review of Multiple Award Schedule Contract Extension: Tech Flow, Inc., Contract Number GS-35F-0210J
9/4/09	A090254	Report on Audit of Parts of a Firm Fixed price Proposal for Architectural and Engineering Services on the New St. Elizabeth's West Campus of the U.S. Department of Homeland Security Headquarters and Consolidated National Operations Center (NOC): Greenhorne & O'Mara, Inc., Solicitation Number GS11-P08-MKC0080
9/9/09	A090232	Report on Audit of Parts of a Firm Fixed Price Proposal for Architectural and Engineering Services on the New St. Elizabeth's West Campus of the United States Department of Homeland Security Headquarters and Consolidated National Operations Center in Washington, DC: Haley & Aldrich, Inc., Solicitation Number GS11-P08-MKC0079
9/10/09	A090234	Report on Audit of Direct Labor Rates, Indirect Rates, and Other Direct Costs Portion of a Subcontract Proposal: HDR Architecture, Inc., Solicitation Number GS11-P08-MKC0079
9/25/09	A090118	Interim Postaward Review of Multiple Award Schedule Contract: Murray-Benjamin Electric Co., Contract Number GS-35F-0088N
10/21/09	A080155	Limited Scope Postaward Review of Multiple Award Schedule for the Period February 1, 2003 to March 31, 2008: Cascades Technologies, Inc., Contract Number GS-35F-0293N
10/23/09	A090170	Preaward Review of Multiple Award Schedule Contract Extension: eTouch Systems Corporation, Contract Number GS-35F-0627P
11/9/09	A090202	Preaward Review of Multiple Award Schedule Contract Extension: Computech, Inc., Contract Number GS-35F-0108K
11/17/09	A080144	Preaward Review of Multiple Award Schedule Contract Proposal: BMC Software, Inc., Solicitation Number FCIS-JB-980001-B
12/10/09	A090159	Preaward Review of Multiple Award Schedule Contract Extension: RCF Information Systems, Inc., Contract Number GS-35F-0613J
12/16/09	A090101	Review of Claim: Paramount Mechanical Corp., Subcontractor to PJ Dick Inc., Contract Number GS-11P-02-MKC-0055

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

Date of Report	Report Number	Title
2/24/10	A090198	Preaward Review of Multiple Award Schedule Contract Extension: IBIS Tek, LLC, Contract Number GS-07F-5505R
6/23/10	A090222	Preaward Review of Multiple Award Schedule Contract Extension: Force 3, Inc., Contract Number GS-35F-0785J
6/24/10	A090108	Preaward Review of Multiple Award Schedule Contract Extension: Integrated Data Services Inc., Contract Number GS-35F-0372J
7/6/10	A080070	Preaward Review of Multiple Award Schedule Contract Extension: Accenture, LLP, Contract Number GS-35F-4692G
8/16/10	A090130	Limited Review of Multiple Award Schedule for the Period January 8, 2002 to November 7, 2005: Cort Business Furniture, Contract Number GS-28F-7018G
8/24/10	A090140	Postaward Review of Multiple Award Schedule Contract: Systems Research and Applications Corporation, Contract Number GS-35F-0735J
9/15/10	A080124	Limited Scope Postaward Review for the Period July 1, 2003 to December 29, 2008: ASAP Software Express, Inc., Contract Number GS-35F-4027D
9/16/10	A100148	Examination of a Change Order Proposal: Alutiiq International Solutions, LLC, Contract Number GS-08P-08-JF-C-0005
10/7/10	A100117	Preaward Examination of Multiple Award Contract Extension: Dun & Bradstreet, Inc., Contract Number GS-22F-9614D
10/12/10	A100156	Examination of a Claim: Acousti Engineering Company of Florida, a Subcontractor to Dick Corporation, Contract Number GS-04P-01-EXC-0044
10/27/10	A090133	Limited Scope Postaward Review of Multiple Award Schedule for the Period July 29, 2002 to September 9, 2008: SeaArk Marine, Inc., Contract Number GS-07F-0012J
11/2/10	A100167	Preaward Examination of Multiple Award Schedule Contract Extension: Affordable Interior Systems, Inc., Contract Number: GS-29F-0006K
11/12/10	A100176	Preaward Examination of Multiple Award Schedule Contract Extension: SPARTA, Inc., Contract Number GS-23F-0025L
11/16/10	A080057	Preaward Review of Multiple Award Schedule Contract Extension: The Sherwin-Williams company, Contract Number GS-10F-0004J
11/22/10	A100195	Preaward Examination of Multiple Award Schedule Contract Extension: Knight Protective Service, Inc., Contract Number GS-07F-0266K
11/24/10	A090192	Preaward Review of Multiple Award Schedule Contract Extension: SHI International Corporation, Contract Number GS-35F-0111K
11/24/10	A100193	Postaward Audit of Multiple Award Schedule Contract Extension: The Stratix Corporation, Contract Number GS-3SF-080SR
12/14/10	A100177	Preaward Examination of Multiple Award Schedule Contract Extension: AAR Mobility Systems, Contract Number GS-07F-0065L

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

Date of Report	Report Number	Title
12/14/10	A100201	Preaward Examination of Multiple Award Schedule Contract Extension: Government-Buys, Incorporated, Contract Number GS-3SF-0122S
12/27/10	A100172	Preaward Examination of Multiple Award Schedule Contract Extension: New England Woodcraft, Inc., Contract Number GS-27F-0005
1/27/11	A100075	Preaward Review of Multiple Award Schedule Contract Extension: Cort Business Services Corporation, Contract Number GS-28F-7018G
1/27/11	A100213	Examination of a Claim: Cobb Mechanical Contractors, Subcontractor to Caddell Construction Company Incorporated, Contract Number GS-07P-05-UEC-3003
1/31/11	A100178	Examination of Construction Management Services Contract: Bovis Lend Lease LMB, Inc., Contract Number GS-02P-04-DTC-0048, Modification No. PS14
1/31/11	A110022	Preaward Examination of Multiple Award Schedule Contract Extension: Cooper Notification, Inc., Contract Number GS-07F-0167L
2/2/11	A100171	Examination of a Claim: Layton Construction Company, Inc., Contract Number GS-08P-07-JFC-0016
2/18/11	A100181	Preaward Examination of Multiple Award Schedule Contract Extension: L.N. Curtis & Sons, Contract Number GS-07F-0043L
2/24/11	A100003	Preaward Review of Multiple Award Schedule Contract Extension: McLane Advanced Technologies, LLC, Contract Number GS-35F-0901P
3/9/11	A060119	Post Award Review of Multiple Award Schedule Contract: Fastenal Company, Contract Number GS-06F-0039K
3/10/11	A100062	Preaward review of Multiple Award Schedule Contract Extension: Carahsoft Technology Corporation, Contract Number GS-35F-0131R
3/16/11	A100168	Preaward Examination of Multiple Award Schedule Contract Extension: Johnson Controls, Inc., Contract Number GS-07F-7823C
3/24/11	A110091	Preaward Examination of Multiple Award Schedule Contract Extension: K-Con, Incorporated, Contract Number GS-07F-0216L
3/29/11	A100114	Preaward Review of Multiple Award Schedule Contract Extension: Ahura Scientific, Inc., Contract Number GS-07F-6099R
3/30/11	A100145	Preaward Review of Multiple Award Schedule Contract Extension: TL Services, Inc, Contract Number GS-06F-0062R

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

Date of Report	Report Number	Title	Projected Final Action Date
Internal Audits			
07/31/07	A060190	Review of Multiple Award Schedule Program Contract Workload Management	04/15/2012
09/30/09	A070118	Review of Consistency in Implementing Policy Across Acquisition Centers	05/15/2012
09/30/09	A070171	Review of Program Performance Measurement for Procurement	05/15/2012
01/08/10	A090062	Audit of the General Services Administration's Fiscal Year 2009 Financial Statements	05/15/2012
03/15/10	A090026	Review of Multiple Award Schedule Vendors' Invoicing Practices Relative to Prompt-Payment Discounts	04/15/2012
03/31/10	A080180	Opportunities Exist to Improve GSA's Implementation of the E2 Travel System	07/15/2012
06/11/10	A090203	Review of Controls Over Contract Awards and Modifications within the Center for Information Technology Schedule Programs	05/15/2012
11/09/10	A100123	FY 2010 Office of Inspector General Information Technology Security Audit of the Information Technology Solutions Shop System	06/15/2012
12/23/10	A100078	Audit of the General Services Administration's Fiscal Year 2010 Financial Statement	12/31/2012
03/31/11	A100204	Review of Consistency in Implementing Policy Across Acquisition Centers – Temporary Extensions	04/15/2012
03/31/11	A110072	Review of the Federal Acquisition Service's National Customer Service Center	07/15/2012

Appendix IV–Government Contractor Significant Report Findings

The *National Defense Authorization Act for Fiscal Year 2008*, P.L. 110-181, requires each Inspector General appointed under the Inspector General Act of 1978 to submit an annex on final, completed contract 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 a multiple award schedule contract with National Instruments Corporation based on the findings of a preaward audit of the company's proposal to extend its existing contract. The preaward determined the company's sales monitoring systems did not ensure proper administration of the price reduction provisions and billing terms of the contract, and discounts to commercial end-users were greater than those disclosed and offered to GSA. The contracting officer asked the company to determine if price reductions occurred and to calculate any refund amount due the government. The objective of the postaward audit was to determine whether the contractor's refund calculation of \$145,452 accurately and completely represented monies owed the government due to non-compliance with contractual Price Reductions and Price Adjustment clauses. The postaward audit found this amount to be inaccurate and incomplete because the contractor did not consider end user agreements when determining whether commercial pricing would trigger a price reduction/price adjustment. Based on the audit finding, the contractor provided a revised refund calculation of \$13,106,692, inclusive of overbillings and interest.

Appendix V–OIG Reports Without Management Decision

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

Appendix VI—Peer Review Results

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

The Office of Investigations' last peer review (2010) was conducted by the Department of Energy OIG, which resulted in an opinion that the Office of Investigations' system of internal safeguards and management procedures were in compliance with the quality standards established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) and applicable U.S. Attorney General guidelines. The last peer review of the Office of Audits was conducted in September 2009. No material findings were reported from any peer review. In addition, we did not conduct any peer review of another OIG during this reporting period. As such, there are no outstanding recommendations made from any peer reviews that have not been fully implemented. The Department of Justice Office of Inspector General is scheduled to perform a peer review of the Office of Audits starting April 2012.

Appendix VII—Reporting Requirements

The table below cross-references the reporting requirements prescribed by the Inspector General Act of 1978, as amended, to the specific pages where they are addressed. The information requested by the Congress in Senate Report No. 96-829 relative to the 1980

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

Requirement	Page
Inspector General Act	
Section 4(a)(2) – Review of Legislation and Regulations	16
Section 5(a)(1) – Significant Problems, Abuses, and Deficiencies	1–9
Section 5(a)(2) – Recommendations with Respect to Significant Problems, Abuses, and Deficiencies	1–9
Section 5(a)(3) – Prior Recommendations Not Yet Implemented	25
Section 5(a)(4) – Matters Referred to Prosecutive Authorities	21
Sections 5(a)(5) and 6(b)(2) – Summary of Instances Where Information Was Refused	none
Section 5(a)(6) – List of OIG Reports	29
Section 5(a)(7) – Summary of Each Particularly Significant Report	1–9
Section 5(a)(8) – Statistical Tables on Management Decisions on Questioned Costs	20
Section 5(a)(9) – Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use	19
Section 5(a)(10) – Summary of OIG Reports Issued Before the Commencement of the Reporting Period for Which No Management Decision Has Been Made	40
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.	18
National Defense Authorization Acts	
Public Law 104-106, 5 U.S.C. app. 3, § 5 note	34
Public Law 110-181	39
Dodd-Frank Wall Street Reform Act	
Peer Review Results	41

Appendix VIII—OIG Offices and Key Officials

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Appendix VIII—OIG Offices and Key Officials

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Facilities and Services Office, Supervisor Carol Mulvaney (JPF).....	(202) 501-3119
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