

GSA

Office of Inspector General
U.S. General Services Administration



Semiannual Report to the Congress

October 1, 2012 – March 31, 2013



GSA's Significant Management Challenges

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

CHALLENGE	BRIEF DESCRIPTION OF CHALLENGE	PAGE
Acquisition Programs	GSA awards and administers government-wide contracts worth hundreds of billions of dollars. With growing programs and shrinking numbers of qualified acquisition personnel, GSA continues to face challenges administering the GSA Schedules Program; developing the new multiple award contract vehicle, OASIS; and transitioning from FTS2011/Crossover contracts to the Networx contracts and then to Network Services 2020.	3
GSA's Organizational Structure	With GSA's initiative of a Top to Bottom review of the agency and its operations, it is uncertain how the results will influence the structure of the organization and the effect on established systems and controls.	No Reports This Period
Consolidation of Central Office 1800 F Street, NW	As GSA physically consolidates the majority of its functions in Washington, D.C. into a single location, there is a lack of space to concurrently accommodate all employees. The shift to increasing telework and hoteling poses new challenges to the operations and supervision of the agency's more mobile workforce.	No Reports This Period
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	Controls over budgetary and financial reporting are affected by the absence of a single acquisition system that interfaces directly with GSA's financial system. 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.	7
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.	No Reports This Period
Greening Initiative—Sustainable Environmental Stewardship	With its major role in federal building construction, operations, acquisitions, and policy, GSA faces challenges to lead change in achieving its goals for sustainability and a Zero Environmental Footprint.	No Reports This Period
American Recovery and Reinvestment Act of 2009	Mandated to obligate \$5.5 billion for 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 are completed.	9

Foreword

During this semiannual reporting period, the Office of Inspector General (OIG) continued its important work in detecting fraud and mismanagement within the General Services Administration's (GSA) programs and operations.

- > We issued 41 audit reports and recommended over \$827 million in funds to be put to better use and in questioned costs;
- > We made 390 referrals for criminal prosecution, civil litigation, and administrative action; and
- > Management agreed with over \$423 million of our audit findings, while civil settlements of court-ordered investigative recoveries totaled over \$101 million.

Our Office of Audits continued to identify deficiencies in GSA's acquisition programs, financial reporting, and American Recovery and Reinvestment Act (Recovery Act) projects, and has begun examining GSA's organizational structure and the consolidation of GSA's central office in addition to GSA's other significant management challenges. Our Office of Forensic Auditing continued its proactive data analysis and data-mining to uncover potentially fraudulent activities resulting in referrals to our Office of Investigations. In the last six months, our Office of Investigations focused on major procurement and construction fraud schemes. Most notably this period, our Offices of Audits and Investigations worked together to determine that W.W. Grainger failed to disclose commercial sales practices which constituted defective pricing and led to overcharges. The company agreed to pay \$70 million to the United States to resolve false claims related to its government contracts.

Our office participated in a number of interagency committees and working groups. On behalf of the President's Financial Fraud Enforcement Task Force, I continued to reach out to public and private sectors as well as state and local partners to fight fraud on various levels. The OIG will also work with the Hurricane Sandy Working Group to oversee the obligation and expenditure of disaster relief appropriations.

I am thankful and appreciative of the hard work, dedication, and professionalism our OIG employees demonstrate every day. I thank the Members of Congress, the Office of Management and Budget (OMB), and employees throughout GSA for their continued support towards our common goals.



Brian D. Miller
Inspector General
April 30, 2013

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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 internal controls. The office conducts attestation engagements in support of GSA contracting officials to carry out their procurement responsibilities and obtain the best value for federal customers and American taxpayers. The office also provides other services to assist management in evaluating and improving its programs.
- > The Office of Administration, a professional support staff that provides: budget and financial management, contracting, executive resources, facilities and support services, human resources and information technology services.
- > The Office of Counsel, an in-house legal staff that provides legal advice and assistance to all OIG components, represents the OIG in litigation arising out of or affecting OIG operations, and manages the OIG legislative and regulatory review.
- > The Office of 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, 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 (IG).
- > The Office of Investigations, an investigative organization that conducts a nationwide program to prevent, detect, and investigate illegal or improper activities involving GSA programs, operations, and personnel.

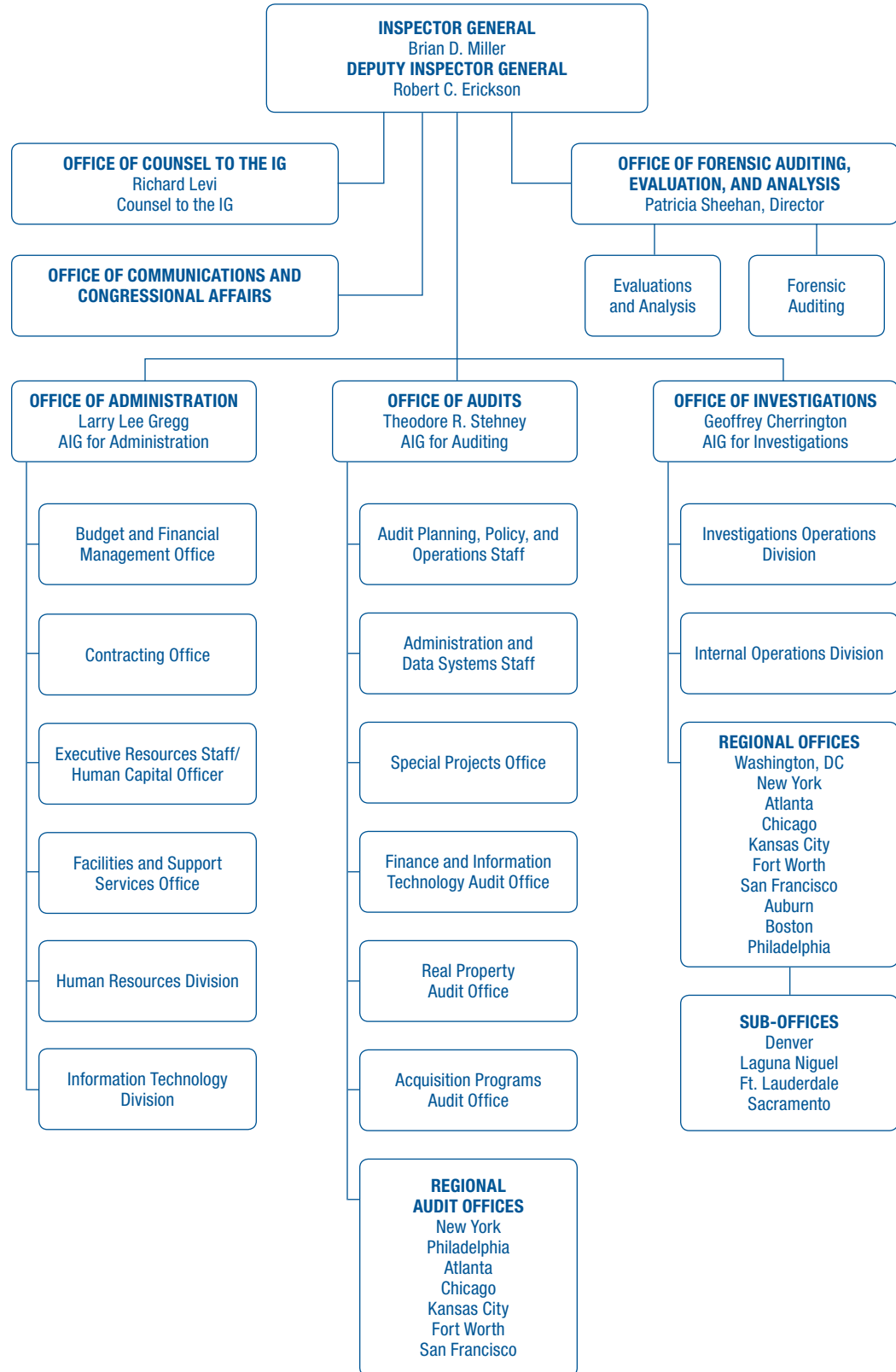
Office Locations

The OIG is headquartered in Washington, D.C., 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, 2013, our on-board staffing level was 274 employees. The OIG is operating under a full-year continuing resolution based on our FY 2012 budget of \$58M with a 0.2% rescission and an additional \$471K in funds appropriated under the American Recovery and Reinvestment Act of 2009 (Recovery Act). The budget is subject to a 5% sequestration reduction.

OIG Organization Chart



Summary of OIG Performance

October 1, 2012 – March 31, 2013

OIG ACCOMPLISHMENTS	
Total financial recommendations	\$827,327,001
These include:	
Recommendations that funds be put to better use	\$824,527,958
Questioned costs	\$2,799,043
Audit reports issued	41
Audit memoranda provided to GSA	10
Management decisions agreeing with audit recommendations	\$423,895,895
RESULTS ATTAINED	
Referrals for criminal prosecution, civil litigation, & administrative action	390
Indictments and informations on criminal referrals	33
Cases accepted for criminal prosecution	34
Cases accepted for civil action	9
Successful criminal prosecutions	27
Civil settlements	9
Contractors/individuals suspended and debarred	165
Employee actions taken on administrative referrals involving GSA employees	13
Civil settlements and court-ordered and investigative recoveries	\$101,940,034

Abbreviations

ARRA/ Recovery Act	American Recovery and Reinvestment Act
CFO	Chief Financial Officer
C.F.R.	Code of Federal Regulation
CIGIE	Council of Inspectors General for Integrity and Efficiency
CSP	Commercial Sales Practices
DCIS	Defense Criminal Investigative Service
DHS	Department of Homeland Security
FAR	Federal Acquisition Regulation
FAS	Federal Acquisition Service
FBI	Federal Bureau of Investigations
FEMA	Federal Emergency Management Agency
FY	Fiscal Year
GSA	General Services Administration
IFF	Industrial Funding Fee
IPERA	Improper Payments Elimination and Recovery Act of 2010
IPIA	Improper Payments Information Act of 2002
IT	Information Technology
MAS	Multiple Award Schedule
NCR	National Capital Region
OAS	Office of Administrative Services
OCFO	Office of the Chief Financial Officer
OIG/IG	Office of Inspector General/ Inspector General
OMB	Office of Management and Budget
PBS	Public Buildings Service
RWA	Reimbursable Work Authorization
SBA	Small Business Administration
SDVOSB	Service-Disabled Veteran-Owned Small Business
TAA	Trade Agreements Act
VA	Veterans Affairs
WPA	Works Progress Administration

Executive Summary

The OIG continued to audit and investigate what it has identified as major management challenges facing the Agency. Since October 1, 2012, the OIG has issued 41 audit reports and 10 audit memoranda and referred 390 subjects for criminal prosecution, civil litigation, or administrative action. The OIG also made over \$827 million in financial recommendations that funds be put to better use and in questioned costs, and its efforts led to civil settlements and court-ordered and investigative recoveries of over \$101 million. Below are some of the highlights from this semiannual period.

Management Challenges Highlights

The OIG focused specifically on audits of GSA's acquisition programs, financial reporting, and Recovery Act initiatives.

Acquisition Programs. GSA provides federal agencies with billions of dollars in products and services through various types of contracts. Because of their pre-decisional, advisory nature, preaward audits play a crucial role in improving the government's negotiating position and in realizing millions of dollars in savings government-wide. During this reporting period, the Office of Audits performed preaward audits of 30 contracts with an estimated value of over \$8.1 billion. Management decisions were made on 24 of our preaward audits, which recommended over \$421 million of funds be put to better use. Four of our more significant audits were Multiple Award Schedule (MAS) contracts with combined projected government sales of more than \$3.4 billion. These audits resulted in recommendations that nearly \$485 million of funds to be put to better use (page 3).

We produced a memorandum that addressed three recurring MAS issues highlighted in previous preaward audit reports and noted that two of the three areas showed some improvement, but high rates of reoccurrence still remain in FY 2011. We note that while GSA contracting officers agreed with all auditor-recommended cost avoidances in our preaward audits, they only achieved savings for 36% of this amount when the pending option periods were awarded (page 4). We also issued a follow up audit of GSA's acquisition of services for the International Trade Center at the Ronald Reagan Building and found that the Public Buildings Service (PBS) did not ensure all deliverables met contract requirements and did not collect data to determine fair and reasonable pricing (page 5). Furthermore, our audit of the prepayment audit process in the Transportation Audits Division in the Federal Acquisition Service (FAS) found that FAS did not adequately ensure that federal agencies audit all transportation bills prior to payment, as required (page 6).

Financial Reporting. The OIG directed the audit of GSA's FY 2012 Financial Statements. It was performed by an independent public accounting firm, which issued an unqualified opinion, identified no material weaknesses, but noted significant deficiencies (page 7). Also during this semiannual period, the OIG conducted an audit of improper payments GSA reported for FY 2012, as required by the Improper Payments Elimination and Recovery Act of 2010 (IPERA) (page 8).

Recovery Act. The Recovery Act of 2009 provided GSA with a \$5.55 billion appropriation for its Federal Buildings Fund 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 be obligated by September 30, 2011, GSA faced challenges in planning and contracting in short time frames. The OIG conducted oversight of these projects, and in this semiannual period, produced reports on modifications at the 50 UN Plaza Renovation Project (page 9); the use of contract modifications to invalidly preserve contingency funds (page 10); numerous procurement, policy, and safety violations in PBS's limited scope and small construction projects (page 11); an absence of adequate guidance to determine compliance with fee limitations for Architect/ Engineering contracts (page 11); inadequacies in GSA's fee structure for reimbursable services (page 12); and the procurement of masonry repairs and roof replacements at the Goodfellow Road Federal Complex in Saint Louis, Missouri (page 12).

Promoting and Protecting Integrity Highlights

The OIG also investigated fraud, waste, and abuse by GSA employees and contractors and provided litigation support for civil fraud actions and criminal prosecutions.

Civil Recoveries. During this semiannual period, W.W. Grainger agreed to pay \$70 million to resolve false claims allegations (page 15); Corning, Inc., agreed to pay \$5.65 million to resolve a qui tam allegation that it knowingly submitted false claims for products sold to the federal government (page 15); Lend Lease Construction, LMB Inc., agreed to pay the United States \$1.6 million to resolve claims that it falsely billed the government for overtime work not performed (page 16); and Iron Mountain Inc., agreed to pay the United States \$800,000 to settle a qui tam complaint (page 16).

Criminal Investigations. Employees responsible for the Lend Lease Construction overbilling scheme were sentenced during this semiannual period (page 16). Four Navy officials and three Department of Defense and GSA contractors were sentenced for their roles in fraud and corruption scheme in Coronado, California in which defense contractors provided the defendants with cash, checks, gift cards, and luxury items in exchange for millions of dollars in orders with the contractors (page 17). The owner of Persaud Companies, Inc., pled guilty to bank fraud and to the destruction of records in a federal investigation after a relator filed a qui tam alleging fraudulent inflation of the company's cost estimates (page 17). A former air conditioning equipment mechanical leader for the White House complex was sentenced to prison for stalking and theft (page 17). A former Federal Emergency Management Agency (FEMA) employee was charged with acting under a criminal conflict of interest after FEMA awarded a subcontract to the Gallup Organization while the employment was discussing future employment with Gallup (page 18). The OIG conducted an undercover investigation of the purchase of Army Marathon watches from eBay with government funds (page 18). The OIG investigated two bribery/ kickback schemes (page 18) as well as schemes where business owners falsely certified their companies' eligibility for HUBZone and Service Disabled Veteran Owned Small Business (SDVOSB) contracts (page 19). Additionally, our Office of Investigations aided in the prosecution of criminals for their roles in various fleet credit card fraud schemes (pages 20-21).

WPA Artwork. The GSA OIG continued its collaborative effort to recover artwork commissioned in the New Deal Era to the United States. During this reporting period, six pieces were recovered (page 21).

Suspension and Debarment. The OIG made 199 referrals for consideration for suspension and debarment, and GSA issued 165 actions based on current and previous OIG referrals (page 22).

Hotline. The OIG received 1,302 Hotline contacts from which 104 cases were initiated (page 23).

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.

Management Challenges

Acquisition Programs

GSA provides federal agencies with billions of dollars in products and services through various contract types. As of March 31, 2013, there were over 19,500 MAS contracts under GSA's procurement program worth over \$19.1 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 taxpayer.

Significant Preaward Audits

The pre-decisional, advisory nature of preaward audits distinguishes them from other audit products. This program provides vital, current information enabling contracting officers to significantly improve the government's negotiating position and to realize millions of dollars in savings on negotiated contracts. During this period we performed preaward audits of 30 contracts with an estimated value of over \$8.1 billion. We recommended more than \$824 million of funds be put to better use. Management decisions were made on 24 preaward audit reports, which recommended over \$421 million of funds be put to better use. Management agreed with 100% of our recommended savings.

Four of our more significant audits were MAS contracts with combined projected government sales of more than \$3.4 billion. These audits resulted in recommendations of nearly \$485 million of funds be put to better use. We identified the following significant findings within one or more of our audit reports: current and proposed price reduction clauses were ineffective; sales monitoring systems did not ensure proper administration of the price reduction provisions of the contract; commercial customers received greater discounts than those offered to GSA; commercial sales practice information was noncurrent, inaccurate, and/or incomplete; pricing for the vendor's non-product Special Item Numbers was incomplete; controls over GSA sales reporting were inadequate resulting in incorrect reporting of sales and/or payment of the Industrial Funding Fee (IFF); and vendors overbilled GSA for unallowable costs and unqualified labor.

Major Issues from Multiple Award Schedule Preaward Audits

Memorandum Number A120050-3, dated March 8, 2013

This memorandum was an update of three recurring MAS issues highlighted in a September 26, 2011, memorandum. Specifically, we reported that for the MAS preaward audits we conducted in FY 2010:

- > The majority of vendors provided information that was not current, accurate, and/or complete to support their proposed prices;
- > Nearly half of the vendors had either minimal or no non-federal commercial customers making it impossible to use non-governmental commercial sales as a basis for determining price reasonableness; and
- > Over a quarter of the vendors we audited supplied labor that did not meet the minimum educational and/or experience qualifications required by the contracts.

Based on our review of FY 2011 MAS preaward audits, two of these areas showed some improvement; however, the high rates of recurrence still remain a concern. We also noted additional observations concerning the IFF identified by our audits.

In FY 2011, 42 of 53 preaward audits were based on information included in the vendors' Commercial Sales Practices (CSP) information. In 29 of these audits (69%), the CSPs contained non-current, inaccurate, and/or incomplete information, an improvement from FY 2010 audit results. Furthermore, we also reported the monetary results of our analyses related to the recommended, agreed upon, and achieved savings for FY 2011 audited MAS contracts as of October 1, 2012. However, if the greater discounts identified through these 29 MAS preaward audits were negotiated, it would result in nearly \$77 million in savings over the contracts' option periods.

Based upon the MAS preaward contracts we audited, the percentage of MAS vendors with minimal or no commercial sales decreased from FY 2010 to FY 2011. This is especially true with regard to the proportion of vendors with no commercial sales, which decreased from 25% to 13%. Commercial customers accounted for 5% or less of total sales for 18 of 53 vendors (34%) audited in FY 2011.

In addition, for the 21 service contracts audited in FY 2011, seven instances (33%) were identified in which vendors charged customer agencies for labor that did not meet required qualifications. This issue has not shown improvement from FY 2010.

In regards to IFF concerns, of the 53 preaward audits performed in FY 2011, 18 vendors (34%) did not have adequate systems for accumulating and reporting schedule sales. We identified 19 vendors (36%) that did not properly compute the IFF, resulting in monies owed to the government.

In FY 2011, FAS contracting officers agreed with all auditor recommended cost avoidances but only achieved savings for 36% of this amount when the pending option periods were awarded (based on 33 contracts negotiated, as of October 1, 2012).

Given that the problems identified in the initial September 26, 2011, memorandum continue to exist, further efforts are needed to provide optimal benefits for GSA customers and taxpayers. In addition, FAS should address the prevalence of IFF issues and the rate of cost avoidances agreed upon versus savings achieved. While no formal recommendations were made, we provided this information to better assist GSA in addressing these issues.

Follow-up Audit of GSA's Acquisition of Services for the International Trade Center at the Ronald Reagan Building: PBS's Oversight of Contract Requirements

Report Number A110217/P/R/R13001, dated December 17, 2012

PBS National Capital Region (NCR) awarded a contract for the management and operation of the International Trade Center (ITC) at the Ronald Reagan Building in Washington, D.C.

The audit found that PBS did not ensure all deliverables met contract requirements, compromising PBS's oversight. In addition, PBS could be losing revenues and paying inflated award fees by not verifying monthly revenue. PBS did not verify how much revenue was earned or if it is properly classified. We also found that PBS did not collect data to determine fair and reasonable pricing for future contracting actions thereby failing to address preaward competition concerns. Finally, the contractor may owe PBS \$2.8 million for failure to meet original minimum revenue guarantees. These guarantees were lowered by a PBS contracting officer, while a second PBS contracting officer determined that the original minimum revenue guarantees should be restored. The current determination found the contractor liable for refunding awards and paying the shortfall for not reaching original revenue guarantee levels. This issue is with the Civilian Board of Contract Appeals (CBCA).

We recommended that the Acting Regional Commissioner, PBS, NCR:

- > Improve the processes for reviewing deliverables;
- > Develop revenue verification processes to ensure that revenue amounts remitted are accurate and attributed correctly;
- > Follow PBS's plan to address preaward competition concerns; and
- > Modify the contract to integrate a decision and/or settlement of the issue before the CBCA.

PBS management agreed with the report recommendations.

Audit of the Prepayment Audit Process, Transportation Audits Division, Federal Acquisition Service

Report Number A120060/Q/9/13001, dated March 14, 2013

This audit disclosed that FAS did not adequately ensure that federal agencies audit all transportation bills prior to payment, as required. Although FAS is planning to transfer the prepayment audit oversight role, the Transportation Audits Division (TAD) must continue to ensure compliance with Public Law 105-264. Public Law 105-264 requires federal agencies to conduct prepayment audits of all transportation billings. In addition, the law grants authority to GSA for oversight of agencies' prepayment audits. TAD is responsible for ensuring agencies comply.

TAD could assist federal agencies to minimize transportation overcharges through effective monitoring methods, such as: obtaining a complete universe of prepayment transportation audits, analyzing available transportation audit data, and evaluating prepayment audit programs. Given the nearly \$17 billion of government-wide transportation expenses for FY 2011, the likelihood of federal agencies paying for transportation overcharges increases without effective oversight.

We recommended that the Acting FAS Commissioner:

- > Direct FAS to continue its efforts to identify the best method(s) to determine the universe of federal agencies required to comply with Public Law 105-264;
- > Improve oversight performance by ensuring complete and comparable data are used to assess agency compliance with Public Law 105-264;
- > Contact agencies with low compliance rates to identify and address the reasons for lack of compliance;
- > Improve monitoring of agency compliance with Public Law 105-264 by using and analyzing transportation data more thoroughly; and
- > Obtain, review, and approve all prepayment audit programs.

The Acting FAS Commissioner agreed with our report recommendations.

Financial Reporting

Controls over budgetary and financial reporting are affected by the absence of a single acquisition system that interfaces directly with GSA's financial system. 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.

Audit of GSA's Fiscal Year 2012 Financial Statements

Report Number A120101/B/F/F13001, dated December 20, 2012

In accordance with the CFO Act of 1990, the OIG directed the audit of GSA's FY 2012 Financial Statements. 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 for the Agency, the Federal Buildings Fund, and the Acquisition Services Fund, for the year ended September 30, 2012.

The IPA did not identify any material weaknesses related to financial management systems, internal controls, or financial reporting, but did note the following significant deficiencies:

- > For controls over budgetary accounts and transactions, internal control deficiencies existed in GSA's financial management systems and financial reporting processes related to the recording of undelivered orders and recoveries of prior years' obligations. In addition, control deficiencies existed in the processing of unfilled customer orders, apportionments, and fund controls;
- > For controls over accounting and reporting of property and equipment, GSA did not consistently record property disposals when they occurred and the transfers of substantially completed projects in a timely manner. Also, the fixed asset subsidiary ledger was not configured properly to capture gains and losses from asset disposals;
- > For the controls over accounting and reporting of environmental liabilities, GSA did not implement revised Accounting for Environmental Liabilities Guidelines to identify and investigate properties that may contain hazardous substances. This resulted in GSA not providing enough guidance to regional offices to clearly determine, document, and communicate environmental liabilities;
- > For the controls over leases, occupancy agreements, and financial management and reporting, GSA did not ensure that transactions are recorded promptly and accurately, and properly classified in accordance with federal financial accounting standards;

- > For general controls over financial management systems, GSA did not have adequate information technology controls to protect its financial management systems, as required by *OMB Circular No. A-130, Management of Financial Information Resources*; and
- > For entity-level controls, GSA does not have an effective foundation of controls to address technical accounting issues, the management of regional and operational financial accounting and reporting personnel, and to address systemic conditions with financial systems.

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

Audit of GSA's Improper Payments Performance

Report Number A130014/B/F/F13002, dated March 14, 2013

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 2012. We determined that GSA complied with the IPIA in FY 2012 by publishing an Agency Financial Report (AFR); conducting a program specific risk assessment for each of its programs or activities; issuing improper payment estimates for all programs and activities; publishing programmatic corrective action plans in the AFR; issuing annual reduction targets for each program; reporting a gross improper payment rate of less than 10% for each program and activity included in its improper payments report; and reporting information on efforts to recapture improper payments.

In the FY 2012 AFR, GSA reported that, since FY 2004, its payment recapture audit program has identified \$108.8 million in improper payments. However, GSA's payment recapture program efforts need additional management oversight and guidance to ensure program integrity. Specifically, we found that due to a transposition error, the GSA AFR did not accurately present the aging of outstanding overpayments; the recovery audit contract did not meet the minimum requirements for using an external contractor for payment recapture audits; and the CFO has not completed policy revisions to incorporate IPERA requirements.

We recommended that the Office of the Chief Financial Officer (OCFO):

- > Strengthen internal controls surrounding the preparation and review of the Other Accompanying Information section of the AFR to ensure accurate reporting;
- > Modify contract language to satisfy OMB requirements for using an external contractor for payment recapture audit services and ensure the requirements are fulfilled; and
- > Issue official policy incorporating IPERA requirements.

The OCFO agreed with the report recommendations.

American Recovery and Reinvestment Act Impact

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

Audit of PBS's Major Construction and Modernization Projects, Modifications at 50 UN Plaza Renovation Project

Report Number A090172/P/R/R13003, dated March 27, 2013

The audit disclosed that PBS created an invalid obligation resulting in the expiration of \$4.2 million of Recovery Act funds. PBS issued a modification using the price-to-be-determined later methodology, obligating funds in excess of the awarded amount. After being notified by the OIG, PBS corrected the improper obligation and properly used the expired funds as an upward adjustment.

Further, PBS issued five contract modifications using Minor Repairs and Alterations (R&A) funds to supplement Recovery Act funding. Minor R&A funds are generally intended for R&A work below the prospectus threshold. While PBS policy allowed the use of R&A funds in combination with Recovery Act funding, PBS did not notify Congress per PBS policy.

In addition, PBS used Building Operations funds to pay for tenant improvements in support of other GSA components. Tenant-requested changes are funded by the tenant agency using a Reimbursable Work Authorization (RWA). In this case, PBS used Building Operations funds, intended for the management and administration of PBS programs.

We recommended that the PBS Commissioner and the Acting PBS Regional Commissioner, Pacific Rim Region:

- > Notify Congress and OMB of inaccurate Recovery Act financial reporting on the 50 UN Plaza project caused by the invalid obligation;
- > Develop and implement policy to establish appropriate use of price-to-be-determined later modifications and to prevent the obligation of funds in excess of awards made to contractors;
- > Notify Congress and OMB of the use of minor R&A funds to supplement the 50 UN Plaza Recovery Act project; and

- > Obtain funding from other GSA components for the cost of tenant-requested improvements or notify Congress and OMB about the use of Building Operations funds for other GSA components.

The PBS Commissioner and Acting PBS Regional Commissioner, Pacific Rim Region, agreed with the report recommendations.

Limited Scope Audit of Invalid Obligations and Contingency Funding for Recovery Act Projects

Report Number A120174/P/R/W13001, dated October 24, 2012

In anticipation of having Recovery Act funds rescinded during the FY 2011 budget impasse, PBS issued contract modifications to preserve project contingency funds. However, these modifications did not definitize work to be performed and, therefore, did not create valid obligations. The funds were scheduled to be rescinded on December 31, 2012, along with all other Recovery Act funds. As a result, Recovery Act reporting has been inaccurate and invalidly obligated funds have expired and will be rescinded.

The results showed PBS did not create legal liabilities on the actions reviewed. To create a valid obligation, the Government must incur a legal liability to pay for goods or services ordered or received or a legal duty that could mature into a legal liability without Government action. Contract modifications lacked a defined scope and price, so the Government was not obligated to pay for specific goods or services.

We recommended that the Acting Administrator, PBS Commissioner, and Acting CFO:

- > Identify all invalid obligations, deobligations, and reobligations of Recovery Act funding and ensure that those funds are used appropriately;
- > Notify OMB that Recovery Act funds have been invalidly obligated and that past reporting of obligations has been inaccurate; and
- > Notify Congressional committees with jurisdiction, as appropriate.

The Acting Administrator, PBS Commissioner, and Acting CFO agreed to treat the funding as expired and perform a review to identify modifications with funding concerns, reserving the right to reach a contrary conclusion in cases similar to the examples in this report.

Review of PBS's Limited Scope and Small Construction Projects Funded by the American Recovery and Reinvestment Act of 2009

Report Number A090184/P/R/R13002, dated February 21, 2013

This audit disclosed that PBS violated numerous procurement, policy, and safety requirements violated the Federal Acquisition Regulation (FAR) by paying the roof contractor profit on work that was not performed; the space renovations were not a cost-effective use of Recovery Act funds; the renovations contract violated the Recording Statute and FAR pricing regulations; made an insufficient price reasonableness determination; waived fire safety requirements; inappropriately used Recovery Act funds to purchase office furniture, and the furniture contract violated the Recording Statute.

We recommended that the NCR Regional Administrator:

- > Implement a documented control process to ensure that settlement agreements comply with FAR contract termination requirements;
- > Develop a process to ensure that contract and project management staff evaluate the cost-effectiveness of High-Performance Green Building projects;
- > Develop a control process to ensure that statements of work fully define and develop requirements prior to award in order to comply with the Recording Statute and FAR; and
- > Ensure conformance with fire safety regulations and guidance and disallow waivers from these requirements, regardless of project budget or schedule.

The NCR Regional Administrator partially agreed with the report recommendations.

Audit of PBS Compliance with Fee Limitations for Architect/Engineering Contracts

Report Number A090172/P/4/R13004, dated March 29, 2013

This audit disclosed that PBS lacks adequate guidance to determine compliance with the fee limitation imposed by FAR Part 15.404-4(c)(4)(i)(B) to Architect/Engineering (A/E) services. Instead, PBS uses the Project Management Guide and a chart from PBS Manual 3420.1 to separate included and excluded services. Interpretation of the guidance varies and application is inconsistent across regions. Based on interpretation, a non-compliant contract may be reported as compliant or vice versa.

The Guide requires identification of included and excluded services in the Price Negotiation Memorandum. However, services were not identified in eight of nine A/E contracts sampled. PBS drafted a Procurement Instructional Bulletin in 2011, which remained unofficial until January 2013. Without adequate guidance, the audit was unable to verify PBS calculations or perform independent evaluations.

We recommended that the Commissioner of PBS:

- > Implement clarifying guidance on applying the fee limitation to A/E contracts;
- > Develop and implement controls to ensure compliance with the fee limitation imposed by FAR Part 15.404-4(c)(4)(i)(B); and
- > Revise Project Management Guide Forms to require the identification and separation of services included in and excluded from the fee limitation.

The PBS Commissioner agreed with the report recommendations.

Special Project Memorandum: Use of Fee Waiver to Offset \$2.4 Million Loss of Customer Funds

Memorandum Number A090168-08, dated December 18, 2012

Our review disclosed that the GSA fee structure for reimbursable services inadequately addresses cross-service project management and contract support. PBS and FAS operate under separate revolving fund authorities. Both services charge a “project management fee” to cover the expense of providing services to customer agencies (the FAS equivalent is an “assisted acquisition fee”). GSA finds no authority to fully or partially exempt any eligible transaction from PBS’s fee; however, it has found that FAS can vary or waive entirely its fee on a case-by-case basis. An ambiguity arises when reimbursable work involves the combined efforts of both services.

Our review concerned a GSA proposal to compensate Department of Homeland Security (DHS) \$2.4 million in expired Recovery Act funds intended for Information Technology (IT) support services. Funding flowed from DHS to PBS under an RWA. PBS, in turn, engaged FAS to manage the IT acquisition. Funds expired, unused, on two FAS task orders in particular. GSA has proposed waiving the FAS assisted acquisition fee on a much larger, related IT procurement to compensate DHS for the loss.

GSA needs to address this matter with well-defined procedures to ensure full cost recovery in the aggregate.

Review of Procurements of Roof Replacement and Masonry Work at the Goodfellow Road Federal Complex in Saint Louis, Missouri

Audit Memorandum Number A090184-13, dated January 7, 2013

During our review of the award and administration of three sole-source contracts for masonry repairs and roof replacements at the Goodfellow Road Federal Complex in Saint Louis, Missouri, we identified three issues: building surveys indicated that some work was unnecessary (e.g., some roofs did not need replacement); contracts could have been combined and competed; the selection of a single contractor for a number of sole source procurements indicated a disregard for competition requirements.

Region 6 PBS stated that roof moisture surveys by a third party roofing expert consistently identified various issues with the roofing membrane and metal flashing. A visual inspection of the remaining identified similar issues. Although PBS included copies of the moisture studies, there was no explanation of the discrepancies between those surveys and the life cycle analyses we reviewed.

PBS stated that time constraints, prior experience with the contractor and the logistical need to phase the work required separating the projects rather than combining them for competition purposes. By handling the projects in this manner, the advantages of competition were not obtained because other contractors were not given an opportunity to bid. Thus, the government may have overpaid for the roof replacement. Our review maintained that the procurements should have been combined and competed.

Finally, PBS indicated that selected contractors are required to provide multiple bids for any subcontracted work, and all of the work is subject to negotiation, thus ensuring a fair and reasonable price is obtained by the Government for the work. We maintained that awarding the majority of sole-source awards to one contractor contradicts the intention of the Recovery Act. Additionally, competition requirements of the FAR were not met by ensuring the contractor obtained bids from multiple subcontractors.

FAR Contractor Disclosures

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 agency OIGs. To facilitate implementation of this requirement, we developed internal procedures to process, evaluate, and act on these disclosures, as well as 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 OIG, credible evidence of a violation of federal criminal law (e.g., 18 U.S.C. or 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 Offices of Audits, Investigations, and Counsel jointly examine each acknowledgment and make a determination as to what actions, if any, are warranted. During this reporting period, we received 13 new disclosures. These disclosures were connected to allegations of employee fraud and inappropriate behavior, as well as failures to comply with contract requirements related to CSP disclosures, billings, price reduction monitoring, payment of the IFF, and the Trade Agreements Act (TAA). We concluded our evaluation of seven existing disclosures that resulted in \$1,538,765 in settlements and recoveries to the Government and assisted on four disclosures referred by another agency because of their potential impact on GSA operations. Finally, we continued to evaluate 39 existing disclosures during this reporting period.

Promoting and Protecting Integrity

GSA is responsible for providing working space for one million federal employees. The Agency also manages the transfer and disposal of excess and surplus real and personal property and operates a government-wide service and supply system. To meet the needs of customer agencies, GSA contracts for billions of dollars' worth of equipment, supplies, materials, and services each year. We conduct reviews and investigations in all these areas to ensure the integrity of the Agency's financial statements, programs, and operations, and that the taxpayers' interests are protected. In addition to detecting problems in these GSA programs and operations, the OIG is responsible for initiating actions and inspections to prevent fraud, waste, and abuse and to promote economy and efficiency. When systemic issues are identified during investigations, they are shared with GSA management for appropriate corrective action. During this period, civil, criminal, and other monetary recoveries totaled over \$101 million (see Tables 5 and 6).

Civil Investigations

The Office of Investigations consolidated investigative efforts related to civil recoveries involving qui tam filings, FAR disclosures, and TAA violations in its Washington, D.C. field office. In recognition of the need to expand civil recovery efforts throughout its field offices, the GSA OIG formalized this 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.

W.W. Grainger Pays \$70 million to Resolve False Claims Allegations

On December 26, 2012, W. W. Grainger agreed to pay \$70 million dollars to resolve false claims related to its GSA MAS contract and two U.S. Postal Service sanitation and maintenance supply contracts. A GSA OIG audit of Grainger's transactions identified likely false claims. The government concluded that Grainger failed to disclose its commercial sales practices accurately during negotiations with GSA for its MAS contract, which constituted defective pricing and led to overcharges.

Corning Settles Qui Tam Through \$5.65 Million Payment

On February 7, 2013, Corning, Inc., agreed to pay \$5.65 million to resolve a qui tam complaint alleging that it knowingly submitted false claims for laboratory research products sold to federal agencies through its Life Sciences division. This qui tam claimed that Corning failed to provide GSA with accurate information concerning its commercial sales practices (including discounts offered to its commercial basis of award customers) or to adhere to the price reduction clause in its contract. This settlement was the result of a coordinated effort by the GSA OIG, the U.S. Attorney's Office for the District of Columbia, and the Commercial Litigation Branch in the Department of Justice's Civil Division.

Lend Lease Construction LMB, Inc., Settles \$1,616,586 in Qui Tam Claims

On February 6, 2013, Lend Lease (US) Construction LMB Inc. (formerly known as Bovis Lend Lease LMB, Inc.), agreed to pay the United States \$1,616,586 to resolve claims that it falsely billed the government for overtime performed by its foremen over an approximately ten-year period. In settling the claim, Bovis acknowledged that it had billed the government for hours that were not worked by adding one or two hours of overtime per day to the time sheets of its foremen; billed the government for time charged while foremen were absent from work; and paid its foremen lump sum and stipend payments and billed such payments to the government. This settlement was the result of a coordinated investigation by the U.S. Attorney's Office for the Southern District of New York and the GSA OIG.

Iron Mountain, Inc., Agrees to Pay Government \$800,000 to Settle Qui Tam

On December 18, 2012, Iron Mountain, Inc., agreed to pay the United States \$800,000 to resolve a qui tam complaint that it failed to shred government documents to the fragment size specified in its contract. On March 12, 2012, the government filed a Notice of Election to Decline Intervention in the Civil Action; however, the relator proceeded with the civil action on behalf of the United States, as permitted under the False Claims Act. This settlement was the result of a coordinated effort by the relator, the GSA OIG, the U.S. Attorney's Office for the Eastern District of Pennsylvania, and the Commercial Litigation Branch of the Department of Justice's Civil Division.

Criminal Investigations

Former Bovis Lend Lease LMB, Inc., Employees Sentenced

On November 20, 2012, James Abadie, former Principal in Charge of the Bovis Lend Lease LMB, Inc., office in New York City, was sentenced to 24 months of supervisory release and 750 hours of community service, and ordered to pay a \$175,000 fine and a \$100 special assessment. On December 20, 2012, John Hyers, Sr., former General Superintendent for the same office, was sentenced to 12 months of supervisory release and ordered to pay a \$15,000 fine and a \$100 special assessment. These sentences follow the defendants' guilty pleas to charges of mail and wire fraud and conspiracy stemming from their role in a ten-year overbilling scheme. A joint investigation conducted by the GSA OIG, the Department of Labor OIG, the Federal Bureau of Investigations (FBI), the New York/New Jersey Port Authority OIG, and the NYC Department of Investigations revealed that Bovis intentionally inflated the billable work hours of its employees assigned to federal and state funded construction projects, and misrepresented the work performed by its minority business enterprise partners. Bovis agreed to pay \$51 million in penalties and restitution to the federal government and institute corporate reforms to prevent future fraud, in exchange for a deferred prosecution agreement from the U.S. Attorney for the Eastern District of New York and the New York County District Attorney.

Three Convicted and Seven Sentenced in an On-going Bribery Investigation in Southern California

On October 9, 2012, four Navy officials and three Department of Defense and GSA contractors were sentenced for their roles in a wide-ranging fraud and corruption scheme at the Naval Air Station (NAS) North Island, in Coronado, California. Previous investigation revealed defense contractors provided the defendants with over \$1 million in cash, checks, retail gift cards, flat screen television sets, luxury massage chairs, home appliances, bicycles costing thousands of dollars, model airplanes, and home remodeling services. In return, the officials placed millions of dollars in orders with the defense contractors. As a result, Donald Vangundy, Kiet Luc, Paul Grubiss, Michael Graven and John Newman received prison sentences ranging from 18 to 41 months. Brian Delaney and David Lindsay were placed on probation for three years, but were required to serve 30 consecutive weekends in federal custody. Additionally, each defendant was ordered to pay restitution to the Navy; three defendants were also ordered to pay restitution to the Internal Revenue Service. Total restitution was over \$3 million. The court also ordered forfeiture of dozens of gift cards, electronics, and other items.

Company Owner Pleads Guilty to Bank Fraud and Creating/Destroying Evidence

On March 14, 2013, Andy Persaud, owner of Persaud Companies, Inc., pled guilty to bank fraud and to destruction, alteration, or falsification of records in a federal investigation. A joint GSA OIG and FBI investigation revealed that he fraudulently obtained a \$1.6 million bank loan from a local bank by posting as collateral inflated invoices to the government and fictitious contracts. Persaud also directed company employees to destroy documents responsive to a GSA Inspector General subpoena, and fabricate documents to produce instead. The investigation began after a relator filed a qui tam alleging that Persaud fraudulently inflated his company's cost estimates to maximize company profits on the company's sole-sourced 8(a) contracts.

White House Maintenance Tech Sentenced to Six Months in Prison

On December 14, 2012, Donald Davis, a former GSA air conditioning equipment mechanical leader, was sentenced to six months in prison, two years of supervised release, and a \$100 special assessment. Davis had pled guilty to stalking and theft after a GSA OIG investigation that revealed that he threatened his former girlfriend and her friend, sending hundreds of unwanted text messages and phone calls at all hours of the night. Davis also stole more than \$10,000 in government air conditioning units, supplies, and tools, many of which were recovered in the execution of a December 2011 search warrant for his residence. He worked at the White House Service Center as an air conditioning repair technician, and was responsible for maintaining the air conditioning units in the east and west wings of the White House.

Former FEMA Employee Charged with Conflict of Interest

In January 2013, a former employee of the FEMA was charged with acting under a criminal conflict of interest. In 2008, FEMA awarded a subcontract to the Gallup Organization while the employee was discussing possible future employment with Gallup. After Gallup extended an employment offer, the employee retired from FEMA. The employee had previously certified that he had no arrangements for post-government employment. The investigation was conducted by GSA OIG, FBI, Defense Criminal Investigative Service (DCIS), and DHS OIG Special Agents.

GSA OIG Undercover Investigation Reveals Army Theft Conspiracy

On October 24, 2012, Staff Sergeant Markis Battle and Sergeant First Class Raphael Mendez pled guilty to theft of government property. On December 19, 2012, First Sergeant Edwin Cordero was sentenced to restitution of \$3,032, a \$500 fine and a \$100 special assessment for his role in the same scheme. (Battle and Mendez have yet to be sentenced.) The GSA OIG had conducted an undercover investigation of the sale of Army Marathon watches being offered for sale on eBay. After purchasing some of the watches offered and verifying that they had been purchased by the government, agents determined that the defendants had altered ordering system entries to hide the purchases from unit commanders. The defendants used government funds to purchase 175 watches worth an estimated \$265,000. This GSA OIG led investigation was conducted jointly with Army Criminal Investigation Division's (CID) Major Procurement Fraud Unit.

Office Supply Company Owner Sentenced for Bribery/Kickback Scheme

On January 28, 2013, Ashley A. Lamere was sentenced to 100 months' imprisonment, three years' probation, restitution of \$33,800, and forfeiture of \$244,890. She had pled guilty to bribery and wire fraud. Previous investigations conducted jointly by the GSA OIG, the Naval Criminal Investigative Service, the FBI, DCIS, and the Army CID revealed that Lamere, who owned a group of office supply companies, paid bribes and kickbacks to government purchase credit card holders as enticements to order office supplies from her companies at greatly inflated prices.

Company Owner Sentenced for Violations Stemming from Bribery of GSA Employee

On December 20, 2012, Andre Lipford, owner of Sun Development, agreed to plead guilty to charges of bribery. A joint GSA OIG and FBI investigation revealed that Lipford made two bribe payments to a cooperating defendant (a GSA employee) in exchange for his company being awarded a contract for work at GSA facilities in Maryland.

Idaho Business Owner Sentenced for Scheme to Defraud the Federal Government

On January 8, 2013, Patrick Large, owner of an Idaho roofing business, was sentenced to three years' probation, 80 hours of community service, and a fine of \$65,000, and ordered to forfeit \$150,000. The sentence follows Large's guilty plea to wire fraud following a multi-year investigation conducted by the Small Business Administration (SBA) OIG, the Internal Revenue Service, the Department of Interior OIG, the Department of Agriculture OIG, the VA OIG and the Defense Criminal Investigative Service. The investigation revealed that Large devised a scheme to defraud federal agencies by making false representations regarding his company's eligibility to obtain \$218,241 in contracts through the HUBZone program.

Business Owner Indicted in SDVOSB Fraud Scheme

On October 2012, the owner of a GSA contractor was indicted in the District of Massachusetts for conspiracy to defraud the government and wire fraud. Investigation revealed that a disabled veteran would nominally serve as the company president to secure SDVOSB contracts with GSA, the Department of Veterans Affairs, the Army and the Navy during the time period of 2005-2010. However, contrary to federal regulations, the veteran had no real responsibility within the company, and he was not the highest-paid officer in the company. Emails between the owner and his accountant revealed a scheme to clear \$2.5 million from the company as well as other hidden compensation. This investigation was conducted by the GSA OIG, Veteran's Affairs (VA) OIG, SBA OIG, and Army CID.

Fictional "War Hero" Sentenced for SDVOSB Fraud

On November 5, 2012, Warren Parker, the owner of Silver Star Construction, was sentenced to seven years and three months in prison and ordered to pay \$6,836,277 jointly and severally with his co-defendants. Parker had represented himself as a decorated veteran with many awards and medals for military service in Vietnam, and represented his company as a SDVOSB to secure government contracts. However, a joint investigation conducted by the OIGs from GSA, SBA, and VA determined that Parker was not service-disabled; he never served in Vietnam, and he never received the Silver Stars or Purple Hearts he claimed. Silver Star Construction was therefore not eligible for the contracts it received through the SDVOSB program.

Vehicle Maintenance Vendor Sentenced in Vehicle Repair Scam

On January 25, 2013, Robert Horton, owner of Over the Hill Auto Repair in Calcium, New York, was sentenced to six months of home confinement, five years of supervisory release, \$34,000 in restitution, and a \$100 special assessment. Horton had pled guilty to false claims for repairs to GSA vehicles that either had not been performed or were unnecessary. The GSA fleet vehicles involved in the scheme were leased to the Army at Ft. Drum, New York. This case was initiated based on information received from the GSA Region 2 fleet management and was investigated in collaboration with the Army Criminal Investigation Division.

Company Manager Sentenced for Sale of Scrap FEMA Trailers

On February 14, 2013, Cindy Wade, manager of J-LU Limited Company, was sentenced in an Arkansas state court to three years of probation and \$1,470 in fines and assessments, and ordered to pay restitution to the victims. The sentence follows Wade's December 19, 2012, plea of guilty to felony theft. The GSA OIG began investigating Wade after the Arkansas Attorney General's Office contacted agents with concerns that scrap FEMA mobile homes were being sold as livable units. Subsequent investigation revealed that Wade had purchased 15 mobile homes in three separate GSA auction sales and represented to prospective buyers that the trailers could be used as housing. Wade never disclosed that the mobile homes were not to be lived in and failed to provide purchasers with required disclosure documents.

Three Sentenced for Role in Fleet Card Fraud Scheme

On November 13, 2012, Jose Alberto Avila was sentenced to ten months of incarceration and three years of supervised release, and ordered to pay restitution in the amount of \$35,500. On December 7, 2012, Ray Fernando Bueno Jimenez was sentenced to three years of supervised release and ordered to pay restitution in the amount of \$44,200. On January 10, 2013, Ivan Castillo was sentenced to three years of supervised release and ordered to pay restitution in the amount of \$27,711.75. These three sentences followed the defendants' guilty pleas to fraud and theft related to their unauthorized use of four GSA fleet credit cards assigned to the U.S. Marines Recruiting Station in Miami, Florida where Jimenez had access to the credit cards through his position with the Marines. The GSA OIG and the Secret Service began the joint investigation after finding multiple suspicious fuel purchases in the South Florida area.

Army Soldier Sentenced to 24 Months' Confinement

On December 20, 2012, U.S. Army Sergeant Otis L. Webster was sentenced to a reduction in rank, 24 months' confinement, and a bad conduct discharge following a court martial. Webster pled guilty to charges of larceny, wrongful appropriation, conspiracy, and obstruction of justice following a GSA OIG investigation that determined that Webster stole several GSA Fleet credit cards, which he and others used to make over \$20,000 in purchases. During the investigation Webster also intimidated a witness who was cooperating with the government.

VA Volunteer Sentenced to Six Months of Incarceration

On June 25, 2012, Seth Garman was sentenced to six months of incarceration and one year of supervisory release, and he was ordered to pay \$1,187 in restitution and a \$25 special assessment. Garman previously pled guilty to theft for his fraudulent use of a GSA fleet credit card assigned to the U.S. Department of Veterans Affairs. The GSA Fleet Loss Prevention Team initially alerted the GSA OIG of suspicious transactions being made with a fleet credit card. Through surveillance, Garman was identified as the person responsible. Garman gained access to the credit card through his position as a volunteer driver for the VA hospital located in Lebanon, Pennsylvania. This investigation was worked jointly with the VA OIG.

VA Employee Arrested for Fleet Card Fraud

On February 7, 2013, a VA employee was arrested for using two GSA fleet credit cards to refuel his personal vehicles. The employee was charged with official misconduct and theft under New Jersey law. The arrest resulted from an ongoing joint investigation with the VA OIG and the Special Investigations Unit of the New Jersey Somerset County Prosecutor's Office, which began when the GSA Loss Prevention Team identified suspicious transactions associated with the two credit cards involved.

WPA Recoveries

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 historical pieces have unlawfully made their way into the marketplace and collectors' hands. The OIG has continued to work closely with PBS and the Fine Arts Program (FAP) Office to identify and recover lost and stolen American cultural property produced at government expense during the New Deal era.

As a direct result of the cooperative efforts between the OIG and GSA's Office of the Chief Architect, Fine Arts Division (FAD), a total of six lost WPA pieces of artwork were recovered during this reporting period. These pieces of American history are not subject to public sale, but their comparative value totals approximately \$53,000, and the historic value of these pieces of American artwork is immeasurable. The FAD will be conserving the pieces before placing them on loan to institutions across the country for public display. Highlights of these efforts include:

On March 5, 2013, the WPA woodcut print, "Near Coney Island," by Isami Doi, was returned to the care and custody of the GSA FAP. This recovery began after the FAP informed the GSA OIG that the artwork was being sold on eBay by an unidentified person in Brooklyn, New York. The eBay listing included a photograph of the WPA label affixed to the artwork. After being contacted by a GSA OIG agent, the possessor agreed to discontinue the eBay sale and return the painting to GSA.

Agents Recover New Deal Era Paintings Offered for Auction on eBay by a Private Art Collector

On February 6, 2013, GSA OIG special agents recovered two New Deal Era paintings valued at a total of \$13,000 – “The Railroad,” by artist Charles Townsend, and “A Train,” a watercolor by artist Rolston Keeler. Both paintings have been returned to the FAP. GSA OIG agents received information that the pieces were being offered for sale on eBay. They notified eBay of the government’s ownership of the artworks and requested eBay terminate the auction. Agents then contacted the seller to inform him of GSA’s claim of title to the paintings. The seller agreed to cooperate in the investigation and ultimately returned both pieces.

Public Works Art Project Mural Returned to Government Custody

On December 12, 2012, GSA OIG agents took custody of the Public Works of Art Project painting “The Shovel” after the owner of Fine Art Conservation Laboratories contacted agents to report that he had restored a WPA mural in 2010 for a retired school janitor. Investigation revealed the mural was not from the WPA era, but had actually been commissioned by the Public Works of Art Project. The retired school janitor agreed to return the painting to the government through the lab owner.

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

During this reporting period, the OIG made 199 referrals for consideration of suspension/debarment to the GSA Office of Acquisition Policy. GSA issued 165 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 23 briefings attended by 373 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 1,302 Hotline contacts. From these contacts, 104 Hotline cases were initiated. In 58 of these cases, referrals were made to GSA program officials for review and action as appropriate, 3 were referred to other federal agencies for follow-up, 17 were referred for OIG criminal/civil investigations or audits, and 29 did not warrant further review.

Forensic Auditing, Evaluation, and Analysis

Forensic Auditing

Forensic Auditing conducts investigations and reviews of potentially fraudulent, improper, wasteful and/or abusive activities related to GSA operations at the direction of the IG or the Deputy IG. Proactive efforts are conducted through the use of innovative auditing and investigative techniques in order to enhance the early detection and subsequent assessment of potentially fraudulent activities. The office develops evidence that meets the admissibility standards for prosecution in federal courts.

During this reporting period, Forensic Auditing operations led to the completion of 18 projects. The office continued prior period proactive work and initiated four proactive data-mining examinations focusing on data analysis of potentially fraudulent activity, which resulted in one referral to the Office of Investigations for further review. Forensic Auditing concluded forensic analysis on 15 investigative cases for the Office of Investigations and continues to provide data analysis and analytical provision on six ongoing Office of Investigation cases.

Evaluation and Analysis

Evaluation and Analysis plans, directs, and coordinates the OIG internal evaluation and analysis program which provides quality assurance through reviews of OIG Central Office functions and OIG audit and investigative field offices. It carries out the OIG's Federal Managers' Financial Integrity Act program and undertakes special projects as required by the IG.

During this reporting period, Evaluations and Analysis completed an operational assessment of an OIG component office and a records management project. Evaluations and Analysis continues its efforts on the unified OIG Records Management policy.

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 IG Act of 1978, we review existing and proposed legislation and regulations to determine their effect on the economy and efficiency of the Agency's programs and operations and on the prevention and detection of fraud and mismanagement. Because of the central management role of the Agency in shaping government-wide policies and programs, most of the legislation and regulations reviewed invariably affect government-wide issues 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 issues that cut across agency lines:

- > **Council of the Inspectors General on Integrity and Efficiency (CIGIE).** The IG is a member of the Investigations Committee, Professional Development Committee, and Homeland Security Roundtable. The IG is also the liaison between CIGIE and the federal Chief Acquisition Officers Council.
- **Federal Audit Executive Council Information Technology Committee.** The Finance and Information Technology Audit Office participates in the Federal Audit Executive Council Information Technology Committee. This Committee provides a forum to share information and coordinate audits of significant IT issues to the OIG community and the federal government. The Committee also develops and recommends best practices to be used by OIGs in addressing IT issues.
- **Leadership Development Subcommittee.** OIG staff participated in the Leadership Development Subcommittee of the Professional Development Committee. The Subcommittee members reviewed CIGIE leadership program components and made recommendations about them to the Committee.

- > **Financial Fraud Enforcement Task Force's Recovery Act, Procurement, and Grant Fraud Working Group: Public and Private Sector Outreach Committee.** During this reporting period, the IG continued to reach out to both the public and private sectors as part of an effort to prevent, detect, and deter procurement fraud. This outreach has promoted communication, coordination, and cooperation among accountability professionals to foster effectiveness and efficiency of government oversight. Organizations that the IG made presentations to or had discussions with include the Federal Audit Executive Council, Department of Transportation Office of Inspector General, Boston Area Fraud Working Group, and the Mid Atlantic Intergovernmental Audit Forum, which is organized by the U.S. Government Accountability Office for accountability professionals from all levels of government.

The OIG also continued to share information with federal, state, and local partners through a report containing criminal convictions and civil settlements as well as an interactive map linking state and local websites that contain information on individuals and companies that have been deemed non-responsible.

- > **Ohio Northern University College of Law.** During this reporting period, the IG met with Ohio Northern University College of Law students from transitional democracies to discuss the roles and responsibilities of federal inspectors general. The IG discussed his role as an inspector general, the work of his office in audits and investigations, as well as the importance of independence for an inspector general. The students he spoke with have been working towards Masters of Laws in Democratic Governance and Rule of Law.
- > **Recovery Accountability and Transparency Board Working Group (Recovery Working Group).** Comprised of all OIGs, the Recovery Working Group is responsible for overseeing the use of Recovery Act funds, providing advice, and making recommendations to the Recovery Funds Working Group Committee on how best to coordinate oversight efforts of federal, state, and local governments. As a member, the GSA OIG also participated in the American Recovery and Reinvestment Act Lessons Learned Survey this reporting period.
- > **Hurricane Sandy Working Group.** On January 29, 2013 the President signed into law the Disaster Relief Appropriations Act of 2013 (P.L. 113-2), which provides fiscal year 2013 supplemental appropriations to respond to and recover from the damage caused by Hurricane Sandy. It provides funds to eighteen federal agencies (GSA received \$7M) and directs their OIGs to oversee the use of these funds. As a member, the GSA OIG will work with the Recovery Board to develop and use information technology resources and oversight mechanisms to detect and remediate waste, fraud, and abuse as these appropriated funds are obligated and expended.

- > **Regional Procurement Fraud Working Group.** The goal of the Regional Procurement Fraud Working Group is to detect, prevent, and prosecute procurement fraud. In addition to increasing contact, and improving communication, between agencies and the U.S. Attorneys' Offices, this group has developed innovative methods to identify and prosecute fraud and develop collaborative cases among different government agencies. The Special Agent in Charge and the Regional Inspector General for Audits in our Heartland Region Office participate in bi-annual group meetings held in Kansas City, Missouri. 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 OIGs. Meetings are attended by attorneys, agents, and auditors from various federal government agencies.
- > **TeamMate Technical Support Group.** As part of our mission to address some of the complex integration and security issues surrounding E-Gov and the use of information technology, the TeamMate Technical Support Group participates in the TeamMate Federal Users Group and the Commerce Clearing House TeamMate Users Group to discuss concerns and challenges facing TeamMate users. TeamMate is an automated audit workpaper management system that strengthens the audit process, increases the efficiency and effectiveness of our auditors and audits, and ultimately leads to more robust, quality audit products.

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 30 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, we are careful to ensure that the nature of our involvement does not preclude our ability to independently audit Agency programs.

During this period we were involved with:

- > **The Multiple Award Schedule Working Group.** The MAS Working Group issues guidance on negotiating contracts and discusses consistency in the application of FAS policy with contracting officers and acquisition staff. It serves as an effective communication channel for both broad policy and discrete issues related to specific contracts or audits. The group was established as a result of an August 2001 OIG report on MAS contract pricing practices. It is primarily comprised of representatives from FAS and the OIG, along with ad hoc members from other branches of the Agency.

Statistical Summary of OIG Accomplishments

Reports Issued

The OIG issued 41 audit reports. The reports contained financial recommendations totaling \$827,327,001, including \$824,527,958 in recommendations that funds be put to better use and \$2,799,043 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, 2013. Table 1 does not include one implementation review that was issued during this period because it was excluded from the management decision process. Table 1 also does not include 3 reports excluded from the management decision process because they pertain to ongoing investigations.

Table 1. Management Decisions on OIG Reports

	NUMBER OF REPORTS	REPORTS WITH FINANCIAL RECOMMENDATIONS*	TOTAL FINANCIAL RECOMMENDATIONS
For which no management decision had been made as of 10/01/2012			
Less than six months old	18	13	\$166,177,391
Six or more months old	0	0	\$0
Reports issued this period	40	31	\$827,327,001
TOTAL	58	44	\$993,504,392
For which a management decision was made during the reporting period			
Issued prior periods	17	12	\$165,480,270
Issued current period	16	14	\$258,415,625
TOTAL	33	26	\$423,895,895
For which no management decision had been made as of 03/31/2013			
Less than six months old	24	17	\$568,911,376
Six or more months old	0	0	\$0
TOTAL	24	17	\$568,911,376

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

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 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
For which no management decision had been made as of 10/01/2012		
Less than six months old	11	\$163,574,995
Six or more months old	0	\$0
Reports issued this period	27	\$824,527,958
TOTAL	38	\$988,102,953
For which a management decision was made during the reporting period		
Issued prior periods	24	\$421,214,883
Issued current period	0	\$0
TOTAL	24	\$421,214,883
For which no management decision had been made as of 03/31/2013		
Less than six months old	13	\$566,229,789
Six or more months old	0	\$0
TOTAL	13	\$566,229,789

Management Decisions on OIG Reports with Questioned Costs

Table 3. Management Decisions on OIG Reports with Questioned Costs

	NUMBER OF REPORTS	QUESTIONED COSTS
For which no management decision had been made as of 10/01/2012		
Less than six months old	6	\$2,602,396
Six or more months old	0	\$0
Reports issued this period	17	\$2,799,043
TOTAL	23	\$5,401,439
For which a management decision was made during the reporting period		
Disallowed costs	10	\$2,681,012
Cost not disallowed	0	\$0
TOTAL	10	\$2,681,012
For which no management decision had been made as of 03/31/2013		
Less than six months old	12	\$2,681,587
Six or more months old	0	\$0
TOTAL	12	\$2,681,587

Investigative Workload

The OIG opened 122 investigative cases and closed 150 cases during this period. In addition, the OIG received and evaluated 42 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 10 referrals to GSA officials for information purposes only.

Actions on OIG Referrals

Based on these and prior referrals, 34 cases (46 subjects) were accepted for criminal prosecution and 9 cases (16 subjects) were accepted for civil litigation. Criminal cases originating from OIG referrals resulted in 33 indictments/informations and 27 successful prosecutions. OIG civil referrals resulted in 9 case settlements. Based on OIG administrative referrals, GSA management debarred 59 contractors/individuals, suspended 106 contractors/individuals, and took 13 personnel actions against employees.

Table 4. Summary of OIG Referrals

TYPE OF REFERRAL	CASES	SUBJECTS
Criminal	46	66
Civil	17	41
Administrative	49	84
Suspension	28	95
Debarment	36	104
TOTAL	176	390

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	\$476,814	
Settlements		\$83,258,828
Recoveries		
Forfeitures	\$11,527,827	
Seizures	\$1,670	
Restitutions	\$3,522,549	
TOTAL	\$15,528,860	\$83,258,828

Table 6. Other Monetary Results

Administrative Recoveries		\$3,152,346
Forfeitures		0
TOTAL		\$3,152,346

Appendices

Appendix I – Significant Audits from Prior Reports

Under the Agency audit management decision process, the GSA Offices of Administrative Services (OAS) and the OCFO are responsible for tracking the implementation of audit recommendations after a management decision has been reached. These offices furnished the following status information.

Twelve 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.

Recovery Act Report – Limited Scope Audit of Task Order NP4700101050

Period First Reported: April 1, 2012, to September 30, 2012

The objective of the audit was to determine if the NCR Client Support Center awarded and administered Task Order NP4700101050 in accordance with federal regulations. The report contained one recommendation, which has not been implemented.

The recommendation involves NCR management making a determination whether they agree a reportable Anti-Deficiency Act violation exists. It is scheduled for completion by May 15, 2013.

Recovery Act Report – Limited Scope Audit of Task Order NP4700101051

Period First Reported: April 1, 2012, to September 30, 2012

The objective of the audit was to determine if the NCR Client Support Center awarded and administered Task Order NP4700101051 in accordance with federal regulations. The report contained one recommendation, which has not been implemented.

The recommendation involves NCR management making a determination whether they agree a reportable Anti-Deficiency Act violation exists. It is scheduled for completion by May 15, 2013.

Review of Blanket Purchase Agreement Number GS-06F-04123: Kipper Tool Company

Period First Reported: April 1, 2012, to September 30, 2012

The objective of the audit was to determine whether the Heartland Supply Operations Center (HSOC) followed applicable laws, regulations, and guidance when awarding and administering the Kipper Tool Company Blanket Purchase Agreement (BPA). The report contained five recommendations; two have not been implemented.

The remaining two recommendations involve HSOC implementing controls to prevent the assignment of a National Stock Number (NSN) without a technical description; and conducting an internal review with the assistance of the Office of General Counsel to determine whether administrative action is required against HSOC officials responsible for the award and administration of the Kipper BPA. They are scheduled for completion by May 15, 2013.

FY 2012 Office of Inspector General FISMA Audit of GSA's Information Technology Security Program

Period First Reported: April 1, 2012, to September 30, 2012

The objective of the audit was to determine if GSA developed, documented, and implemented a comprehensive agency-wide information security program that addresses risks in the current information technology environment. The report contained three recommendations; two have not been implemented.

The remaining two recommendations involve GSA conducting additional oversight of patch management implementations to ensure that system officials are addressing vulnerabilities on GSA systems in a timely manner; and creating guidance to assist GSA system officials in securely developing applications for mobile platforms. They are scheduled for completion by June 15, 2013.

Audit of GSA's Transition from Lotus Notes to the Cloud

Period First Reported: April 1, 2012, to September 30, 2012

The objective of the audit was to evaluate GSA's efforts to transition from the Lotus Notes environment to determine whether email and collaboration tools to cloud services incorporated adequate performance measures and sufficient cost justifications and of existing Lotus Notes applications to other platforms incorporated project management controls necessary for retiring Lotus Notes in a timely manner. The report contained three recommendations; one has not been implemented.

The remaining recommendation involves preparing an updated analysis/justification regarding project savings, using actual figures, for the email and collaboration tools and implement procedures for updating said documentation on a regular basis, as well as when significant changes occur. It is scheduled for completion by November 15, 2013.

Recovery Act Report – Mariposa Land Port of Entry Expansion Project, Construction Management Services for Phases 2-4

Period First Reported: April 1, 2012, to September 30, 2012

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, which have not been implemented.

The recommendations involve reviewing the construction management task order labor rates to ensure they reflect the negotiated discounts and recover any overpayments related to the Mariposa project; and ensuring that PBS contracting officials verify all pricing is accurate before awarding task orders based on schedule contractor labor rates. They are scheduled for completion by May 15, 2013.

Audit of Personal Property Donation Program: New Jersey State Agency for Surplus Property

Period First Reported: October 1, 2011, to March 31, 2012

The objectives of the audit were to determine if donated properties only go to eligible recipients, and if these properties are accounted for and used by the New Jersey State Agency for Surplus Property (NJ SASP). The report contained three recommendations; two have not been implemented.

The remaining two recommendations involve enforcing proper recordkeeping standards on the NJ SASP; and reviewing the NJ SASP in a more timely fashion, carefully documenting these reviews, disseminating the results to the SASP, and following up on outstanding issues. They are scheduled for completion by April 15, 2014.

Audit of the General Services Administration's FY 2011 Financial Statements

Period First Reported: October 1, 2011, to March 31, 2012

The objective was to conduct an audit of GSA's consolidated balance sheet, the individual balance sheet of the Federal Buildings Fund and the Acquisition Services Fund, the related consolidated and individual statements of net cost, the changes in net position, and the combined and individual statements of budgetary resources for fiscal year 2011. The report contained 146 recommendations; three have not been implemented.

The three remaining recommendations involve assessing the need to adjust or implement automated application controls; reviewing the existing database and operating system vulnerabilities; and reviewing management's acceptance of risk for database vulnerabilities posed to the organization on an individual and cumulative basis. They are scheduled for completion by September 30, 2013.

Audit of GSA's Improper Payments Performance

Period First Reported: October 1, 2011, to March 31, 2012

The objective of the audit was to determine if GSA is in compliance with the IPIA, as amended by the IPERA, regarding the improper payments GSA reported in fiscal year 2011. The report contained six recommendations; two have not been implemented.

The remaining two recommendations involve complying with requirements by ensuring the proper source of funds is used to reimburse the recapture audit contractor; and issuing official policy providing guidance to Agency personnel regarding the reporting of improper payments and implementation of the IPERA. They are scheduled for completion by May 15, 2013.

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 the Information Technology Solution Shop system in meeting system users' needs. The report contained two recommendations; one has not been implemented.

The remaining recommendation involves designing a fully-functional procurement system for the Assisted Acquisition Service that incorporates a standardized procurement process. It is scheduled for completion by June 15, 2013.

GSA's Fleet Monitoring of Alternative Fuel Vehicle Surcharge Payments

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

The objectives of the audit were 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 May 15, 2013.

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 Buildings Fund and the Acquisition Services Fund, the related consolidated and individual statements 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; three have not been implemented.

The remaining three recommendations involve the OCFO 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; and implementing encryption for the OA Tool, OA Billing, and RETA. They are scheduled for completion by May 15, 2013.

Appendix II – Audit Report Register

DATE OF REPORT	REPORT NUMBER	TITLE	FINANCIAL RECOMMENDATIONS	
			FUNDS BE PUT TO BETTER USE	QUESTIONED (UNSUPPORTED) COSTS
(Note: Because some audits pertain to contract awards or actions that have not yet been completed, the financial recommendations related to these reports are not listed in this Appendix.)				
PBS INTERNAL AUDITS				
10/24/12	A120174	Alert Report: Limited Scope Audit of Invalid Obligations and Contingency Funding for Recovery Act Projects		
12/17/12	A110217	Follow-up Audit of GSA's Acquisition of Services for the International Trade Center at the Ronald Reagan Building: PBS's Oversight of Contract Requirements		
02/21/13	A090184	Recovery Act Report - National Capital Region's Regional Office Building Projects Review of PBS's Limited Scope and Small Construction Projects Funded by the American Recovery and Reinvestment Act of 2009		
03/27/13	A090172	Recovery Act Report - Funding for Modifications 50 UN Plaza Renovation Project Audit of PBS's Major Construction and Modernization Projects Funded by the American Recovery and Reinvestment Act of 2009		
03/29/13	A090172	Audit of the Public Buildings Service's Compliance with Fee Limitations for Architect/Engineering Contracts		
PBS CONTRACT AUDITS				
10/17/12	A120148	Examination of Change Order Proposal: Siemens Industries, Inc., Subcontractor to Whiting-Turner/Walsh JV, Contract Number GS-11P-10-MKC-0025		
11/20/12	A120158	Examination of a Change Order Proposal: Turner Construction Company, Contract Number GS-07P-11-HH-C-0003		
01/15/13	A120179	Examination of a Claim: Braithwaite Construction Company, LLC, Contract Number GS-07P-99-HHD-0100		
01/30/13	A120165	Examination of a Conversion Proposal: Skanska USA Building, Inc., Contract Number GS-04P-09-EX-C-0078		
03/28/13	A130034	Examination of a Claim: Caddell Construction Co., Inc., Contract Number GS-05P-02-GBC-0089		
FAS INTERNAL AUDITS				
03/14/13	A120060	Audit of the Prepayment Audit Process, Transportation Audits Division, Federal Acquisition Service		
FAS CONTRACT AUDITS				
10/03/12	A120120	Preaward Examination of Multiple Award Schedule Contract Extension: Grant Thornton, LLP, Contract Number GS-23F-9763H		\$44,598
10/16/12	A120071	Preaward Examination of Multiple Award Schedule Contract Extension: ICF Z-Tech, Inc., Contract Number GS-35F-0102M		\$14,580
11/02/12	A120066	Preaward Examination of Multiple Award Schedule Contract Extension: Life Fitness, Inc., Contract Number GS-07F-9380G		
11/05/12	A110138	Preaward Examination of Multiple Award Schedule Contract Extension: United Parcel Service, Inc., Contract Number GS-23F-0282L		
11/14/12	A120110	Preaward Examination of Multiple Award Schedule Contract Extension: BlueScope Construction, Inc., Contract Number GS-07F-9665G		\$366,823
11/21/12	A120155	Preaward Examination of Multiple Award Schedule Contract Extension: Avion Solutions, Inc., Contract Number GS-00F-0082N		

DATE OF REPORT	REPORT NUMBER	TITLE	FINANCIAL RECOMMENDATIONS	
			FUNDS BE PUT TO BETTER USE	QUESTIONED (UNSUPPORTED) COSTS
12/06/12	A120078	Preaward Examination of Multiple Award Schedule Contract Extension: Computer Sciences Corporation, Contract Number GS-35F-4381G		
12/06/12	A110147	Preaward Examination of Multiple Award Schedule Contract Extension: Xerox Corporation, Contract Number GS-25F-0062L		
12/14/12	A120108	Preaward Examination of Multiple Award Schedule Contract Extension: Battelle Memorial Institute, Contract Number GS-23F-8167H		
12/20/12	A120107	Preaward Examination of Multiple Award Schedule Contract: Hewlett-Packard Company, Solicitation Number FCIS-JB-980001-B		\$28,563
01/08/13	A120100	Preaward Examination of Multiple Award Schedule Contract Extension: Alion Science and Technology Corporation, Contract Number GS-10F-0282M		
01/09/13	A120159	Preaward Examination of Multiple Award Schedule Contract Extension: Knoll, Inc., Contract Number GS-28F-8029H		
01/18/13	A120093	Preaward Examination of Multiple Award Schedule Contract Extension: Reed Elsevier, Inc., Contract Number GS-02F-0048M		\$20,742
01/24/13	A120150	Preaward Examination of Multiple Award Schedule Contract Extension: Grant Thornton LLP, Contract Number GS-23F-8196H		\$3,848
02/06/13	A120097	Preaward Examination of Multiple Award Schedule Contract Extension: Lyme Computer Systems, Inc., Contract Number GS-35F-4754G		\$19,022
02/08/13	A120177	Preaward Examination of Multiple Award Schedule Contract Extension: ASI Government, Inc., Contract Number GS-10F-0308N		\$13,071
02/13/13	A120133	Limited Scope Postaward Examination of Multiple Award Schedule Contract: The MIL Corporation, Contract Number GS-35F-4670G for the Period May 30, 2007 Through March 31, 2012		\$294,125
02/21/13	A110181	Preaward Examination of Multiple Award Schedule Contract Extension: Softchoice Corporation, Contract Number GS-35F-0196M		
02/28/13	A120095	Preaward Examination of Multiple Award Schedule Contract Extension: Military Personnel Services Corporation, Contract Number GS-10F-0234M		\$87,379
03/01/13	A120098	Preaward Examination of Multiple Award Schedule Contract Extension: Dynamics Research Corporation, Contract Number GS-35F-4775G		\$8,973
03/05/13	A120178	Preaward Examination of Multiple Award Schedule Contract Extension: VT Aepco, Inc., Contract Number GS-23F-0191N		\$76,352
03/14/13	A130036	Preaward Examination of Multiple Award Schedule Contract Extension: The Centech Group, Inc., Contract Number GS-35F-5440H		\$57,879
03/19/13	A100161	Limited Scope Postaward Examination of Multiple Award Schedule Contract: Smartronix, Inc., Contract Number GS-35F-0362J		\$1,474,441
03/20/13	A120147	Preaward Examination of Multiple Award Schedule Contract Extension: Harris Corporation, RF Communications Division, Contract Number GS-35F-0163N		\$44,256
03/21/13	A120109	Preaward Examination of Multiple Award Schedule Contract Extension: ICF Macro, Inc., Contract Number GS-23F-9777H		
03/28/13	A120142	Preaward Examination of Multiple Award Schedule Contract Extension: Science Applications International Corporation, Contract Number GS-23F-8006H		\$97,020
03/29/13	A120127	Preaward Examination of Multiple Award Schedule Contract Extension: General Dynamics Information Technology, Inc., Contract Number GS-23F-8049H		\$147,371

DATE OF REPORT	REPORT NUMBER	TITLE	FINANCIAL RECOMMENDATIONS	
			FUNDS BE PUT TO BETTER USE	QUESTIONED (UNSUPPORTED) COSTS
OTHER INTERNAL AUDITS				
12/20/12	A120101	Audit of General Services Administration's Fiscal Year 2012 Financial Statements		
12/20/12	A120154	Implementation Review of Corrective Action Plan, Review of the GSA OCAO's Procurement Management Review Process, Report Number A080121/O/A/F09012		
03/14/13	A130014	Audit of the General Services Administration's FY 2012 Improper Payments Performance		

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 IG's report within 12 months after the date of the report. If the head of the Agency fails to complete final action within the 12-month period, the Inspector General shall identify the matter in the semiannual report until final action is complete.

In GSA, the OAS and the OCFO are 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 OAS provided the following list of reports with action items open beyond 12 months:

DATE OF REPORT	REPORT NUMBER	TITLE
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 GS-00T-99-ALD-204
01/20/09	A080136	Preaward Review of Multiple Award Schedule Contract Extension: Dynamic Decisions, Inc., Contract Number GS-35F-5879H
04/27/09	A080210	Preaward Review of Multiple Award Schedule Contract Extension: Immix Technology, Inc., Contract Number GS-35F-033J
08/19/09	A090106	Preaward Examination of Multiple Award Schedule Contract Extension: Perot Systems Government Services, Inc., Contract Number GS-00F-0049M
08/21/09	A080030	Preaward Review of Multiple Award Schedule: Hewlett-Packard Company, Contract Number GS-35F-4663G
08/21/09	A090090	Preaward Examination of Multiple Award Schedule Contract Extension: Ezenia!, Inc., Contract Number GS-35F-0475P
09/03/09	A090089	Preaward Review of Multiple Award Schedule Contract Extension: Mohawk Carpet Corporation, Less Carpets Division, Contract Number GS-27F-0031N
09/04/09	A090254	Report on Audit of Parts of a Firm Fixed Price Proposal for Architectural and Engineering Services on the new St. Elizabeth's West Campus of the U.S. Department of Homeland Security Headquarters and Consolidated National Operations Center: Greenhorne & O'mara, Inc., Solicitation Number GS-11P-08-MKC-0080
09/09/09	A090232	Report on Audit of Parts of a Firm Fixed Price Proposal for Architectural and Engineering Services on the new St. Elizabeth's West Campus of the U.S. Department of Homeland Security Headquarters and Consolidated National Operations Center in Washington, D.C.: Haley & Aldrich, Solicitation Number GS-11P-08-MKC-0079
09/10/09	A090234	Report on Audit of Direct Labor Rates, Indirect Rates, and Other Direct Costs Portion of Subcontractor Proposal: HDR Architecture, Inc., Solicitation Number GS-11P-08-MKC-0079
11/09/09	A090202	Preaward Review of Multiple Award Schedule Contract Extension: Computech, Inc., Contract Number GS-35F-0108K

DATE OF REPORT	REPORT NUMBER	TITLE
11/17/09	A080144	Preaward Review of Multiple Award Schedule Contract Proposal: BMC Software, Inc., Solicitation Number FCIS-JB-980001-B
12/10/09	A090159	Preaward Examination of Multiple Award Schedule Contract Extension: RCF Information Systems, Inc., Contract Number GS-35F-0613J
06/24/10	A090108	Preaward Examination of Multiple Award Schedule Contract Extension: Integrated Data Services, Inc., Contract Number GS-35F-0372J
07/06/10	A080070	Preaward Review of Multiple Award Schedule Contract Extension: Accenture, LLP, Contract Number GS-35F-4692G
08/16/10	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
08/24/10	A090140	Postaward Review of Multiple Award Schedule Contract: Systems Research and Applications Corporation, Contract Number GS-35F-0735J
09/15/10	A080124	Limited Scope Postaward Review for the Period July 1, 2003, to December 29, 2008: ASAP Software Express, Inc., Contract Number GS-35F-4027D
09/16/10	A100148	Examination of a Change Order Proposal: Alutiq International Solutions, LLC, Contract Number GS-08P-08-JFC-0005
10/07/10	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, Subcontractor to Dick Corporation, Contract Number GS-04P-01-EXC-0044
10/27/10	A090133	Limited Scope Postaward Review of Multiple Award Contract for the Period July 29, 2002, to September 9, 2008: SeaArk Marine, Inc., Contract Number GS-07F-0012J
11/02/10	A100167	Preaward Examination of Multiple Award Schedule Contract Extension: Affordable Interior Systems, Inc., Contract Number GS-29F-0006K
11/16/10	A080057	Preaward Examination of Multiple Award Schedule Contract Extension: The Sherwin-Williams Company, Contract Number GS-10F-0004J
11/22/10	A100195	Preaward Review of Multiple Award Schedule Contract Extension: Knight Protective Service, Inc., Contract Number GS-35F-0266K
11/22/10	A100195	Preaward Examination of Multiple Award Schedule Contract Extension: BTAS, Inc., Contract Number GS-35F-0546J
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: The Stratix Corporation, Contract Number GS-35F-080SR
12/14/10	A100201	Preaward Examination of Multiple Award Schedule Contract Extension: Government-Buys, Incorporated, Contract Number GS-35F-0122S
12/27/10	A100172	Preaward Examination of Multiple Award Schedule Contract Extension: New England Woodcraft, Inc., Contract Number GS-27F-0005L
01/27/11	A100075	Preaward Review of Multiple Award Schedule Contract Extension: Cort Business Services Corporation, Contract Number GS-28F-7018G
01/27/11	A100213	Examination of a Claim: Cobb Mechanical Contractors, Subcontractor to Caddell Construction Company Incorporated, Contract Number GS-07P-05-UEC-3003
01/31/11	A100178	Examination of Construction Management Services Contract: Bovis Lend Lease LMB, Inc., Contractor Number GS-02P-04-DTC-0048
02/02/11	A100171	Examination of a Claim: Layton Construction Company, Inc., Contract Number GS-08P-07-JFC-0016

DATE OF REPORT	REPORT NUMBER	TITLE
02/24/11	A100003	Preaward Review of Multiple Award Schedule Contract Extension: McLane Advanced Technologies, LLC, Contract Number GS-35F-0901P
03/10/11	A100062	Preaward Review of Multiple Award Schedule Contract Extension: Carasoft Technology Corporation, Contract Number GS-35F-0131R
03/16/11	A100168	Preaward Review of Multiple Award Schedule Contract Extension: Johnson Controls, Inc., Contract Number GS-07F-7823C
03/29/11	A100114	Preaward Review of Multiple Award Schedule Contract Extension: Ahura Scientific, Inc., Contract Number GS-07F-6099R
05/10/11	A110073	Preaward Examination of Multiple Award Schedule Contract Extension: PPS Infotech, LLC, Contract Number GS-35F-0372L
05/12/11	A100221	Preaward Examination of Multiple Award Schedule Contract Extension: Mainline Information Systems, Inc., Contract Number GS-35F-0216L
05/12/11	A110044	Preaward Examination of Multiple Award Schedule Contract Extension: Vaisala, Inc., Contract Number GS-25F-6029D
05/16/11	A110063	Postaward Examination of Multiple Award Schedule for the Period January 1, 2008, to December 31, 2010: IntelliDyne, LLC, Contract Number GS-35F-0554K
05/17/11	A100183	Examination of a Claim: Moshe Safdie and Associates, Inc., Contract Number GS-01P-99-BWC-0016
06/01/11	A110087	Preaward Examination of Multiple Award Contract Extension: National Interest Security Company, Contract Number GS-25F-0032L
06/01/11	A110070	Examination of a Claim: Bergelectric Corporation, Subcontractor to Caddell Construction Co., Inc., Contract Number GS-07P-05-UEC-3003
06/07/11	A090112	Postaward Review of Multiple Award Schedule Contract for the Period March 20, 1998, to April 30, 2008: ITS Services, Inc., Contract Number GS-35F-5518H
06/10/11	A110115	Preaward Examination of Multiple Award Schedule Contract Extension: Pacific Star Communications, Inc., Contract Number GS-35F-0031L
06/13/11	A110108	Preaward Review of Multiple Award Schedule Contract Extension: Protective Products Enterprises, Contract Number GS-07F-9029D
06/30/11	A090045	Limited Scope Postaward Review of Multiple Award Schedule Contract for the Period January, 2005, to July 31, 2007: C-Tech Industries, Inc., Contract Number GS-07F-0496T
07/06/11	A110098	Examination of a Claim: KenMor Electric Company, LP, Subcontractor to W.G. Yates & Sons Construction Company, Contract Number GS-07P-05-URC-5007
07/07/11	A100140	Preaward Review of Multiple Award Schedule Contract Extension: Veterans Imaging Products, Inc., Contract Number GS-14F-0005L
07/08/11	A110132	Preaward Examination of Architect-Engineer Proposal: R.A. Heintges & Associates, Subcontractor to Smith-Miller & Hawkinson Architects, LLP, Solicitation Number GS-11P-10-MKC-0050
07/14/11	A110140	Preaward Examination on Architect/Engineering Proposal: Lehman Smith McLeish, PLLC, Subcontractor to Smith-Miller & Hawkinson Architects, LLP, Solicitation Number GS-11P-10-MKC-0050
07/22/11	A080188	Review of a Claim: Dynalectric Company, Subcontractor to Dick Corporation, Contract Number GS-04P-01-EXC-0044
07/25/11	A100174	Examination of a Claim: Leon D. Dematteis Construction Corporation, Contract Number GS-02P-04-DTC-0032
07/27/11	A100170	Examination of a Claim: Caddell Construction Company, Incorporated, Contract Number GS-07P-05-UEC-3003
07/27/11	A110109	Preaward Examination of Multiple Award Contract Extension: Security Consultants Group Incorporated, Contract Number GS-07F-0267L

DATE OF REPORT	REPORT NUMBER	TITLE
07/28/11	A110088	Postaward Examination of Multiple Award Schedule for the Period January 1, 2009, to December 31, 2010: Global Protection USA, Inc., Contract Number GS-07F-6028P
08/03/11	A100119	Preaward Review of Multiple Award Schedule Contract Extension: Noble Sales Co., Contract Number GS-06F-0032K
08/03/11	A100182	Preaward Examination of O&M Services Contract: Security Construction Services, Inc., Solicitation Number GS-01P-10-BWC-0026
08/04/11	A110133	Preaward Examination of Architect Engineer Proposal: Arup USA, Inc., Subcontractor to Smith-Miller & Hawkinson Architects, LLP, Solicitation Number GS-11P-10-MKC-005
08/10/11	A110102	Examination of a Claim: W.G. Yates & Sons Construction Company, Contract Number GS-07P-05-URC-5007
08/15/11	A110180	Examination of Architect and Engineering Services Contract: RTKL Associates, Inc., Contract Number GS-11P-11-MKC-0045
08/17/11	A110195	Report on Independent Audit (Adequacy Review) Initial Disclosure Statement: J.E. Dunn Construction Co.-Midwest, Solicitation Number GS-06P-08-GZ0-011
08/19/11	A110111	Preaward Examination of Multiple Award Schedule Contract Extension: Thermo Electron North America, LLC, Contract Number GS-24F-0026L
08/22/11	A090196	Review of Construction Management Service Contract, Options Number 3, 5, and 6: Bovis Lend Lease, LMP, Inc., Contract Number GS-02P-04-DTC-0028
08/25/11	A110136	Preaward Examination of Multiple Award Schedule Contract Extension: Konica Minolta Business Solution U.S.A. Inc., Contract Number GS-25F-0030M
09/01/11	A110182	Examination of a Termination Settlement Proposal: Hensel Phelps Construction Company, Contract Number GS-04P-10-BVC-0065
09/08/11	A110021	Examination of a Claim: Myrex Industries, Subcontractor to Caddell Construction Company, Incorporated, Contract Number GS-07P-05-UEC-3003
09/09/11	A110067	Preaward Examination of Multiple Award Schedule Contract Extension: Clifton Gunderson, LLP, Contract Number GS-23F-0135L
09/12/11	A110146	Examination of Conversion Proposal: White Construction Company, Contract Number GS-07P-06-UEC-0059
09/14/11	A110122	Preaward Examination of Multiple Award Schedule Contract: Agilent Technologies, Incorporated, Contract Number GS-26F-5944A
09/15/11	A110174	Postaward Examination of Multiple Award Schedule for the Period March 5, 2010, to July 31, 2011: Protective Products Enterprises, Contract Number GS-07F-9029D
09/28/11	A100108	Review of Construction Management Services Contract: Bovis Lend Lease, LMB, Inc., Contract Number GS-02P-07-DTC-0009
10/13/11	A100210	Preaward Examination of Multiple Award Schedule Contract Extension: Labat-Anderson, Inc., Contract Number GS-25F-0028L
10/18/11	A100215	Examination of Construction Management Services Contract: Bovis Lend Lease, LMB, Inc., Contract Number GS-02P-07-DTC-0009
11/15/11	A110197	Preaward Examination of Multiple Award Schedule Contract Extension: KDH Defense Systems, Inc., Contract Number GS-07F-0249T
11/17/11	A100217	Preaward Examination of Multiple Award Schedule Contract: CliniComp International, Inc., Contract Number GS-35F-0475L
12/07/11	A110176	Preaward Examination of Multiple Award Schedule Contract Extension: Fontaine Trailer Company, Incorporated, Contract Number GS-30F-0018T
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

DATE OF REPORT	REPORT NUMBER	TITLE	
12/20/11	A110155	Preaward Examination of Multiple Award Schedule Contract Extension: Terrapin Systems, LLC, Contract Number GS-35F-0562L	
12/22/11	A110178	Preaward Review of Multiple Award Schedule Contract Extension: Sharp Electronics Corporation, Contract Number GS-25F-0037M	
12/27/11	A110191	Preaward Examination of Multiple Award Schedule Contract Extension: Paradigm Technologies, Inc., Contract Number GS-23F-0023T	
12/27/11	A110198	Preaward Examination of Multiple Award Schedule Contract Extension: Scott Technologies Incorporated, Contract Number GS-07F-9563G	
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: BRSL, L.P., Contract Number GS-23F-0186L	
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	
02/03/12	A120065	Examination of a Claim: Bergelectric Corporation, Subcontractor to Caddell Construction Company, 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-EXC-0167	
02/22/12	A110089	Preaward Examination of Multiple Award Schedule Contract Extension: Quality Software Services, Inc., Contract Number GS-35F-0308L	
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 Network Solutions, Inc., Contract Number GS-35F-4554G	
03/07/12	A110200	Preaward Examination of Multiple Award Schedule Contract Extension: Deco, Inc., Contract Number GS-07F-0103M	
03/16/12	A100191	Postaward Examination of Multiple Award Schedule Contract for the Period January 1, 2004, to June 30, 2010: Ergogenesis, LLC, Contract Number GS-29F-0119C	
03/27/12	A120074	Preaward Examination of Multiple Award Schedule Contract: Kimball International, Inc., Contract Number GS-29F-0177G	
03/28/12	A120070	Examination of a Claim: Cobb Mechanical Contractors, Subcontractor to Caddell Construction Co., Inc., Contract Number GS-07P-05-UEC-3003	
DATE OF REPORT	REPORT NUMBER	TITLE	PROJECTED FINAL ACTION DATE
INTERNAL AUDITS			
03/31/11	A110072	Review of the Federal Acquisition Service's National Customer Service Center	07/15/2013
11/10/11	A110103	Audit of the General Services Administration's Fiscal Year 2011 Financial Statements	09/30/2013
03/29/12	A120054	FY 2012 Office of Inspector General Information Technology Security Audit of the Data.gov Terremark System	05/15/2013
03/30/12	A110117	Audit of Personal Property Donation Program: New Jersey State Agency for Surplus Property, Federal Acquisition Service, Northeast and Caribbean Region	04/15/2014

Appendix IV – Government Contractor Significant Report Findings

The *National Defense Authorization Act for FY 2008*, P. L. 110-181, requires each IG appointed under the IG Act of 1978 to submit an annex on final, completed contract audit reports issued to the contracting activity as part of its Semiannual Report to the Congress. The annex addresses significant audit findings – unsupported, questioned, or disallowed costs in excess of \$10 million – or other significant contracting issues. During this reporting period, there were no audit reports that met these requirements.

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 is one OIG report that meets this requirement.

Preaward Examination of MAS Contract Extension: Spectrum Systems, Inc., Contract Number GS-35F-5192G, dated August 17, 2012

This audit was performed to determine whether Spectrum Systems submitted current, accurate, and complete CSP information; maintained sales monitoring and billing systems that ensure proper administration of the price reduction provisions and billing terms of the contract; and adequately accumulated and reported schedule sales for IFF payment purposes. The report concluded that Spectrum Systems' CSP is current, but not accurate and complete; current and proposed Price Reductions clauses do not provide adequate protection for the government; GSA Schedule customers were improperly billed, resulting in overcharges; and, Spectrum does not have an adequate system for classifying sales for IFF purposes.

After multiple unsuccessful attempts to resolve the contracting officer's disagreement with our report findings, the OIG is working with higher-level agency officials to resolve this issue.

Appendix VI – Peer Review Results

The *Dodd-Frank Wall Street Reform Act* requires each IG to submit an appendix containing: the results of any peer review conducted by another Office of Inspector General 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.

In FY 2012, the Office of Audits underwent a peer review by the Department of Justice. On December 20, 2012, the GSA OIG received a peer review rating of “pass.” The peer review team found that the GSA OIG’s system of quality control is suitably designed and complied with to provide it with reasonable assurance of performing and reporting in conformity with the quality standards established by CIGIE in all material respects. No outstanding recommendations exist from any previous peer review conducted by another Office of Inspector General.

The Office of Audits did not conduct any peer reviews of another OIG during this reporting period. As such, no outstanding recommendations exist from previous peer reviews that have not been fully implemented.

The Office of Investigations did not conduct any peer reviews during this reporting period. The Office of Investigations’ last peer review was conducted in 2010 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 CIGIE and applicable U.S. Attorney General guidelines.

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	27
Section 5(a)(1) – Significant Problems, Abuses, and Deficiencies	3–14
Section 5(a)(2) – Recommendations with Respect to Significant Problems, Abuses, and Deficiencies	3–14
Section 5(a)(3) – Prior Recommendations Not Yet Implemented	35
Section 5(a)(4) – Matters Referred to Prosecutive Authorities	31
Sections 5(a)(5) and 6(b)(2) – Summary of Instances Where Information Was Refused	none
Section 5(a)(6) – List of OIG Reports	39
Section 5(a)(7) – Summary of Each Particularly Significant Report	3–14
Section 5(a)(8) – Statistical Tables on Management Decisions on Questioned Costs	30
Section 5(a)(9) – Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use	30
Section 5(a)(10) – Summary of OIG Reports Issued Before the Commencement of the Reporting Period for Which No Management Decision Has Been Made	48
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	29
NATIONAL DEFENSE AUTHORIZATION ACTS	
Public Law 104-106, 5 U.S.C. app. 3, § 5 note	42
Public Law 110-181	47
DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT	
Peer Review Results	49

Appendix VIII – OIG Offices and Key Officials

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Facilities and Support Services Office	Supervisor Carol Mulvaney (JPF)	(202) 501-3119
Human Resources Division	Director Denise McGann (JPH)	(202) 501-1734
Information Technology Division	Director Rickey Eaton (JPM)	(703) 603-2323

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