



OFFICE OF INSPECTOR GENERAL  
U.S. GENERAL SERVICES ADMINISTRATION

# SEMIANNUAL REPORT TO THE CONGRESS

APRIL 1, 1998 - SEPTEMBER 30, 1998



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## Foreword

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*This report, submitted pursuant to the Inspector General Act of 1978, as amended, summarizes the activities of the Office of Inspector General (OIG) for the 6-month reporting period that ended September 30, 1998.*

*During this period, the OIG worked closely with GSA management to identify sound business management and operational improvements and find ways to increase the efficiency and effectiveness of the Agency's programs. We continued with our initiatives to offer non-traditional audit services such as consulting and advisory reviews and other value-added services. For example, we noted that a GSA credit card contractor's electronic points of sale controls were adequate to deter significant fraudulent credit card usage. Also, we reported that contracting personnel activities could be improved in the areas of authorized spending levels, and required reviews and approvals over procurements. We also determined that inaccuracies exist in the inventory of congressional office furniture and suggested ways to improve program oversight.*

*We also provided our traditional services to protect the integrity of GSA programs. We reviewed the Agency's effort to enhance Federal buildings' security and made recommendations directed at improving overall security program accountability, especially in countermeasure and funding controls. We recommended actions to improve GSA's information technology security for various critical systems linked to both the Internet and GSA's Intranet. Furthermore, we reviewed the on-line shopping system, for which the Agency has won several awards; highlighted the strengths and weaknesses of GSA's new rent pricing strategy; and determined that the travel management center program's forecasted revenues will not be sufficient to cover projected costs of operations.*

*We identified over \$287 million in financial recommendations on how funds could be put to better use and in other program savings. Also, we made 157 referrals for criminal prosecution, civil litigation, and administrative action. Criminal cases originating from OIG referrals resulted in 12 successful prosecutions. The OIG also received 1,473 Hotline calls and letters. Savings achieved from management decisions on audit financial recommendations, civil settlements, and investigative recoveries totaled over \$44 million.*

*I want to take this opportunity to thank the GSA Administrator, GSA's senior managers, and the Congress for their support. I also want to commend the accomplishments of all OIG employees during this period for their continued professionalism, dedication, and willingness to accept new challenges.*



WILLIAM R. BARTON  
Inspector General

October 31, 1998



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## Summary of OIG Performance

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### ***OIG Accomplishments***

April 1, 1998 - September 30, 1998

Total financial recommendations \$287,469,747

These include:

• Recommendations that funds be put to better use \$274,294,641

• Questioned costs \$13,175,106

Audit reports issued 126

Referrals for criminal prosecution, civil litigation, and administrative action 157

### ***Results Attained***

Management decisions agreeing with audit recommendations, civil settlements, and court-ordered and investigative recoveries \$44,243,271

Indictments and informations on criminal referrals 3

Cases accepted for criminal prosecution 9

Cases accepted for civil action 3

Successful criminal prosecutions 12

Civil settlements 4

Contractors suspended/debarred 36

Employee actions taken on administrative referrals involving GSA employees 6

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## *Fiscal Year 1998 Results*

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During Fiscal Year (FY) 1998, OIG activities resulted in:

- Over \$320 million in recommendations that funds be put to better use and in questioned costs. If adopted, these recommendations ultimately result in savings for the taxpayer.
- Management decisions to put funds of \$55.8 million to better use based on OIG recommendations.
- 233 audit reports that assisted management in making sound decisions regarding Agency operations.
- 7 implementation reviews that tracked the progress of actions in response to internal audit reports.
- \$34 million recovered as a result of management decisions to recover funds, civil settlements, court-ordered recoveries, and investigative recoveries.
- 233 new investigations opened and 252 cases closed.
- 21 case referrals (43 subjects) accepted for criminal prosecution and 11 case referrals (17 subjects) accepted for civil litigation.
- 11 criminal indictments/informations and 19 successful prosecutions on criminal matters referred.
- 8 civil settlements.
- 33 referrals to other Federal agencies for further investigation.
- 13 employee actions taken on administrative referrals involving GSA employees.
- 24 contractor suspensions and 62 contractor debarments.
- 475 legislative matters and 63 regulations and directives reviewed.
- 2,857 Hotline calls and letters received of which 140 warranted further GSA action.



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## *Executive Summary*

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During this period, we expanded our efforts to provide professional assistance through enhanced consulting services and the use of alert reports designed to quickly inform management of potentially serious deficiencies or other concerns prior to completion of all analytical work and formal report issuance. These services have been added while we continue to offer our more traditional services, including program evaluations, contract and financial auditing, management control reviews, investigative coverage, and litigation support in contract claims, civil fraud and enforcement actions, and criminal prosecutions.

### **Program/Operational Reviews**

The OIG continued its efforts to conduct large-scale reviews of programs and operations throughout GSA's various components. A major effort involved our ongoing review of GSA's efforts to upgrade security at Federal facilities. We issued one alert report and completed our report on the review of the security program. The alert report disclosed that although many security upgrade countermeasures were accomplished, many had not been documented in the official project database. Also, non-security work was procured with buildings security funds (page 2). An overall program report of GSA's program for upgrading security at Federal buildings revealed that GSA: lacked an overall management plan for accomplishing the mission; needed to improve its control over the implementation and reporting status of security countermeasures; and needed to improve control over the proper use of security upgrade funds (page 3).

In another program review in which we assessed the security measures of six major Internet and Intranet Agency applications, we reported that GSA: should clearly define information technology security roles and responsibilities, including defined responsibilities for management; needed security plans that include both Internet and Intranet operations; and should require plans to periodically review controls for these systems (page 4).

The OIG also began an assessment of GSA's efforts to place four million items in GSA Advantage!<sup>TM</sup>, a worldwide, on-line, electronic commerce shopping system. However, as a result of encountering numerous technological complexities during GSA's implementation process, the need for reliance on vendor input, and the need for conformity in readable data, GSA decided to reevaluate the Advantage program. To aid in this reevaluation, we recommended that the Agency, among other things, develop a comprehensive plan which considers the design and development of the entire Advantage program and define tasks and timeframes for realistic completion of project objectives (page 6).

In other program reviews, we reported on a wide range of GSA's programs and operations. For example, we provided GSA with our observations regarding the strengths and weaknesses of the new rent pricing strategy (page 7), and reported that forecasted revenues were insufficient to cover projected costs to provide travel services contracts to Federal customer agencies (page 8). Furthermore, we reviewed the Agency's responsibilities resulting from receiving real estate from a quasi-government development corporation. We found that GSA successfully resolved two significant management and financial issues arising from the corporation's transfer of

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## *Executive Summary*

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assets, liabilities, and responsibilities to the Agency (page 9). At the request of the U.S. Senate Committee on Governmental Affairs, we evaluated complaints from minority-owned firms selling supplies to GSA. We did not identify any evidence of discriminatory practices, harassment, or ethnic bias as charged by the firms (page 9).

We made recommendations to improve personnel management by improving controls over documentation of applications received for vacancy announcements (page 11). We also reviewed customer order shipment discrepancies, and recommended improvements to the database which would resolve these discrepancies (page 13).

As part of our management controls review program, we reported that controls over Agency conference site selections and expenditures need to be strengthened (page 10); that the audit follow-up process is effective in tracking and closing audit action plans, but does not ensure that the actions taken remedy the conditions addressed in the recommendations (page 12); and that control improvements were needed to ensure that the Government received the mechanical and repair services provided by private contractors (page 16). In addition, our examination of simplified procurement operations in one region found that procurements were made in accordance with policy and guidance. However, controls pertaining to credit card purchases could be strengthened (page 18). Also, following a review of a field office we recommended procurement-control improvements to ensure that credit card users and approving officials are trained and reminded of their responsibilities, approving officials perform reviews over controls, and control-contract log and data system are updated (page 17).

### **Procurement Integrity**

An important part of our work effort is to provide support to the Agency's contracting officers and to protect the integrity of GSA's procurement programs and operations by detecting and preventing fraud, waste, and abuse. This period, based on our audit and investigative work, several private sector contractors agreed to pay over \$1.9 million to resolve potential civil liability under the False Claims Act (page 15). These contractors provided office systems furniture, office products, and information technology hardware. The settlements involved allegations that they had misrepresented their commercial discount practices in seeking and performing under GSA contracts, in violation of the False Claims Act and other statutory and contractual provisions.

We also completed an investigation which resulted in a contractor employee pleading guilty to embezzlement and conversion of Government property. It was determined that the employee converted parking space revenue to his own personal use (page 17). Other investigations resulted in convictions involving theft of Government property and converting surplus property (pages 13-14).

### **Consulting Services**

At the request of Agency management, we continued to provide our consulting services to cover a range of GSA activities cutting across all GSA components. We examined shipment confirmations to determine whether they are being entered into

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## *Executive Summary*

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the information system (page 20); analyzed the policies, procedures, and practices of a GSA credit card contractor (page 20); suggested techniques to make records more accessible to various user entities (page 20); and determined that GSA could potentially provide stock sale items to contractors (page 21). Furthermore, we identified staffing needs, operating functions, levels of service, and costs for operating the Federal Protective Service's control centers (page 21); evaluated inventory records and suggested actions to improve program oversight (page 21); and reviewed procurement and financial controls over certain projects to determine whether they were adequate to protect the Government's interests (page 21). In addition, we issued an advisory report concerning the Agency's efforts to implement the Government Performance and Results Act (page 22).

### **Summary of Results**

The OIG made over \$287 million in financial recommendations to better use Government funds, and in other program costs savings; made 157 referrals for criminal prosecution, civil litigation, and administrative actions; reviewed 302 legislative and regulatory actions; and received 1,473 Hotline calls and letters. This period, we achieved savings from management decisions on financial recommendations, civil settlements, and investigative recoveries totaling over \$44 million. See page v for a summary of this period's performance.



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# OIG Profile

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*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 the Congress.*

## Organization

The OIG provides nationwide coverage of GSA programs and activities. It consists of:

- **The Office of Audits**, an evaluative unit staffed with auditors and analysts who provide comprehensive audit coverage of GSA operations through program performance reviews, internal controls assessments, and financial and mandated compliance audits. It also conducts external reviews in support of GSA contracting officials to ensure fair contract prices and adherence to contract terms and conditions. To increase its ability to meet customer needs, the office has added advisory and consulting services to its service offerings.
- **The Office of Investigations**, an investigative unit that manages a nationwide program to prevent and detect illegal and/or improper activities involving GSA programs, operations, and personnel.
- **The Office of Counsel to the Inspector General**, 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/regulatory review functions.
- **The Internal Evaluation Staff**, an in-house staff that plans and directs field office appraisals and conducts internal affairs reviews and investigations.
- **The Office of Administration**, an in-house staff that provides information systems, budgetary, administrative, personnel, and communications services.

## Office Locations

The OIG is headquartered in Washington, D.C., at GSA's Central Office building. Field audit and investigations offices are maintained in Boston, New York, Philadelphia, Atlanta, Chicago, Kansas City, Fort Worth, San Francisco, and Washington, D.C. Sub-offices are also maintained in Auburn, Cleveland, and Los Angeles.

## Staffing and Budget

As of September 30, 1998, our on-board strength was 293 employees.

The OIG's FY 1998 budget was approximately \$33.8 million.

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## Reviews of GSA Programs

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*GSA is a central management agency that sets Federal policy in such areas as Federal procurement, real property management, and telecommunications. GSA also manages diversified Government operations involving buildings management, supply facilities, real and personal property disposal and sales, data processing, and motor vehicle and travel management. In addition, GSA manages 197 accounting funds and provides cross-servicing support for client agencies. Our audits examine the efficiency, effectiveness, and integrity of GSA programs and operations and result in reports to management. Our internal audits program is designed to facilitate management's evaluation and improvement of control systems by identifying areas of vulnerability and providing informational and advisory services.*

### **Significant OIG Accomplishments**

#### **Security Enhancements in Federal Buildings**

As an immediate response to the bombing of the Alfred P. Murrah Federal Office Building in Oklahoma City, GSA reprogrammed available operating funds to implement interim security measures and provide enhanced levels of security at facilities under its control. Following the recommendations in a Department of Justice report on the assessment of vulnerability of Federal facilities, GSA established Building Security Committees (Committees) as a formal mechanism for addressing security concerns at each facility. These Committees included representatives from all Federal agencies occupying a building. In conjunction with a Federal Protective Service (FPS) physical security specialist, each Committee prepared a facility evaluation that included recommended security upgrades, with justifications and cost estimates.

In FY 1997, Congress authorized GSA to fund \$240 million of Federal building security enhancements. About \$140 million was for capital costs, and the balance was for operations. GSA allocated these funds to its regions based on specific Committee-requested countermeasures, as documented by each region in the Building Security Committee System (BSCS), which is the official database for tracking the status of each countermeasure. Therefore, if a countermeasure was recommended by a Committee, approved in the region, and input into the BSCS, the region received funding for the countermeasure from Central Office.

In our last Semiannual Report to the Congress, we highlighted the work we had either performed or had in process relative to GSA's program for upgrading security at Federal facilities. During our review of the program, we noted several items of significant concern that we felt warranted immediate reporting to management. Our alert reports notified management that controls to ensure program implementation were ineffective, that the information system contained a large number of inaccurate data entries, and most importantly, that the actual implementation of enhanced security countermeasures was well short of what was being reported. This semiannual period, we issued one additional alert report and completed our report on the review of the program.

#### **Undocumented Countermeasures and Database Inaccuracies**

In one region, we found that security upgrade countermeasures were accomplished, but many had not been documented in the official project database. Some

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## *Reviews of GSA Programs*

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countermeasure actions were initiated by the region, despite disapproval by FPS headquarters. Regional officials had also procured non-security-related work with buildings security funds. In addition, some security equipment identified as complete and operational in the database was not found at the record location. This situation occurred in part because the FPS regional office was often excluded from the decisions made by the regional Public Buildings Service officials concerning countermeasure procurement and implementation. As a result, those officials lacked sufficient expertise in interpreting and applying countermeasure criteria and did not place sufficient emphasis on accurate reporting to the BSCS. In March 1998, FPS Central Office, relying on an inaccurate database, approved supplemental funds for the region, which far exceed its actual needs, at a time when program funds were very limited. The region will most likely end up with a surplus rather than a shortage of building security funds.

In our June 29, 1998 alert report to the Assistant Commissioner, Federal Protective Service we advised the regional FPS office and Central Office to take immediate action to ensure that countermeasures at all Federal buildings are accurately reported and completed. We also suggested that Central Office address the non-security work procured with buildings security funds and continue to closely scrutinize future regional funding requests.

### **The Program Report**

GSA's security enhancement program is a massive, unprecedented effort. At the time we started our audit review, FPS's database contained planned installation of over 5,000 recommended countermeasures that were estimated to cost about \$133 million. These countermeasures affected thousands of Agency-controlled facilities nationwide, and GSA and tenant employees. GSA was facing tremendous pressure and ambitious timeframes to implement the additional security measures. Optimal implementation of the program would have required planning and coordination between Central Office and the regions. The regions were given responsibility for accomplishing program implementation and delivery, while Central Office's critical role was to ensure program consistency and the accomplishment of national goals and objectives.

GSA did not establish a comprehensive management plan for accomplishing the mission. The lack of programmatic controls and approaches led to instances of questionable practices. Many of the security countermeasures were not installed, and some that were accomplished were found to be non-operational, even though these projects were reported as completed in the nationwide computer tracking system. As a result, management information was not reliable, program resources were not always wisely expended, and the security of Federal employees was not fully enhanced at certain GSA-controlled facilities.

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## *Reviews of GSA Programs*

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In our September 14, 1998 report, we recommended that the Assistant Commissioner take actions to:

- Establish program accountability at the Central Office and regional levels.
- Seek to have security countermeasure funding remain prioritized, so that FPS can meet client agency security needs and maintain facilities at the recommended minimum security standards without having to compete for resources with other agency entities.
- Instruct physical security specialists to review client agency countermeasure implementation as part of the periodic building inspection and risk assessment process.
- Direct regional FPS officials to review and certify the accuracy of countermeasure completion entries previously entered in the BSCS.
- Establish a perpetual inventory over X-ray units and other expensive portable equipment items.
- Require FPS regional offices to track and report actual cost data for all future countermeasures.

Finally, we concluded that a reportable control weakness exists concerning the implementation and reported status of security countermeasures, and the use of designated security upgrade funds for projects that: (1) did not involve a Committee-recommended countermeasure, and (2) lacked Central Office approval. These conditions warrant a material weakness designation and should be reported under the Federal Managers' Financial Integrity Act.

The Assistant Commissioner agreed with the findings and recommendations in the report. He stated that the Agency has taken a number of steps to address our recommendations, including requiring each region to review, correct, and certify the accuracy of data contained in the BSCS and the accounting system. These actions are to be accomplished for targeted higher security level buildings no later than October 1, 1998, and by March 30, 1999 for all remaining levels. In addition, FPS is looking to add new data fields to improve the database.

The report is still in the resolution process.

### ***Information Systems Security***

The Internet is playing an ever-increasing role in our day-to-day lives, and across both Government organizations and private-sector companies, this revolutionary technology is transforming traditional business practices. While this increased connectivity provides tremendous benefits as a result of information-sharing and opportunities to improve business processes, additional security measures for systems linked to the Internet need to be addressed.



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## Reviews of GSA Programs

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The Internet has inherent security weaknesses that make it vulnerable to various types of attacks and security breaches. As the Internet grows, GSA faces additional risks due to the skyrocketing numbers of individuals with potential access to its systems. Because tools are widely available on the Internet to assist hackers, system attacks require less technical expertise than in the past.

Our assessment of six major Internet and Intranet Agency applications revealed a lack of: (1) clearly defined information technology (IT) security roles and responsibilities; (2) security plans that include Internet and Intranet operations; and (3) provisions for periodic reviews of established controls for these systems.

Key security and management responsibilities for different parts of GSA's Internet resources are dispersed across the Agency, and roles and responsibilities for key security functions have not yet been clarified. Further, basic controls required for Federal systems are lacking for both centrally managed IT resources and for specific applications being developed and maintained by the Agency's Services and Staff Offices.

Risk assessments have generally not been performed for GSA's systems currently connected to the Internet or Intranet, or for those systems being modified to include Internet or Intranet capabilities. Therefore, decisions on the types of controls being built into these systems are being made *ad hoc* by individual system developers. Without performing risk assessments, system owners cannot determine which controls are needed to provide adequate protection for their systems.

Reorganization of GSA Services and Staff Offices has created the need for the establishment of roles and responsibilities to direct and monitor the Agency's IT security program. In the absence of such a policy framework, there is uncertainty among systems officials regarding security matters, specifically with regard to Internet and Intranet security issues. GSA has taken a critical first step in moving the Agency toward improved policies and procedures for IT security by developing a draft IT security policy document.

Our September 24, 1998 report recommended that GSA's Chief Information Officer take the following actions to improve GSA's IT security:

- Expedite the development and issuance of an Agency-wide IT security policy that addresses risks with Internet and Intranet systems.
- Establish an IT security program with the resources and Agency-wide authority necessary to meet security requirements established by OMB Circular A-130 (Management of Federal Information Resources).

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## **Reviews of GSA Programs**

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- Specify roles and responsibilities for Internet and Intranet security including management responsibilities for gateways, web sites, and applications, to ensure that adequate security measures are in place for the Wide Area Backbone Network and for Services and Staff Offices applications.
- Ensure that IT security decisions are based on risk assessments for individual systems.

The Chief Information Officer concurred with the recommendations. The report is still in the resolution process.

### **Electronic Commerce Shopping**

GSA was the first to operate a catalog and ordering system for Government procurements on the World Wide Web. Any Federal agency with Internet access can comparison-shop products and prices for approximately 370,000 items currently offered on the Agency's on-line shopping system, GSA Advantage!™ (Advantage). In FY 1997, agencies placed orders for about \$28 million through Advantage, and this year's orders have already surpassed that mark. Advantage also provides private-sector vendors with more sales opportunities, and once fully developed will allow agencies to make procurement decisions that are better informed, faster and cheaper. GSA has been recognized for its leadership role in streamlining procurement through electronic commerce and has received several awards for Advantage.

GSA's goal was to have four million items on Advantage by July 1998. This goal was not met because the complexities of placing Multiple Award Schedule items on Advantage were much greater than anticipated. GSA is dependent on vendor cooperation to provide product information in a computer-readable syntax that conforms to industry standards. However, this can be a significant and costly undertaking for many vendors and has presented additional technological challenges to keep already-entered product data current and up-to-date. Only 29 percent of vendors have provided requested data. Many others are either unable or unwilling to do so.

The OIG assessed the Agency's efforts to place four million products and services on Advantage by July 1998. We ended our review at the conclusion of the survey phase since the Agency is actively evaluating the status of Advantage. We determined that GSA needs to develop a comprehensive plan that considers the design and development of Advantage from beginning to end, including well-defined tasks and realistic timeframes for completion. It also needs to allocate necessary resources to complete the design and development phase and to encourage vendor participation.

In our August 31, 1998 report to the Commissioner, Federal Supply Service, we recommended that the Agency develop a comprehensive plan that includes:

- Revisiting project objectives.
- Outlining tasks to be completed, including a cost-benefit analysis of alternative solutions.

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## *Reviews of GSA Programs*

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- Developing new milestones.
- Developing performance measures that relate to established objectives.
- Establishing an organization and staffing to achieve defined goals.

The Commissioner concurred with our recommendations. The report is still in the resolution process.

### ***Rent Pricing Strategy***

In FY 1995, GSA began a process to re-examine its methodology for computing rent charged to Federal agencies occupying leased and owned space controlled by GSA. Management determined that improvements were needed to address perceived flaws and inequities in the rent billings structure. Tenants had complained that rent pricing was unfair and inflexible, and that the mechanism for setting rates was too complex and inefficient.

GSA's new goals were to establish a more efficient process for setting rent rates, improve income stability of the Federal Buildings Fund, and generate sufficient revenue to carry out its mission. The proposed new rent strategy seeks to differentiate between owned and leased space and incorporate industry practices in setting rent. In FY1997, Federal agencies paid about \$5 billion in rent to the Federal Buildings Fund.

The OIG looked at the new pricing strategy to determine if it will help the Agency meet its goals. We found that the new strategy takes steps to simplify setting rent rates and should enhance the Agency's relationship with tenants. Rent charges for leased space will be based on a cost pass-through, rent bills will be more informative, and tenants will have greater flexibility and the potential for cost savings when tailoring new space for occupancy.

However, the new strategy may result in less revenue generated for the Federal Building Fund, which is the principal source of funding for operating and maintaining existing space, acquisition of leased space, and the construction and purchase of new Federal buildings. Also, customers in Government-owned space may perceive that they will be subsidizing the cost pass-through rent of customers in leased space. Finally, until necessary billing and revenue software technology issues are resolved, the budget estimating and revenue forecasting processes which support the rent system are vulnerable to error.

In our July 8, 1998 report to the Commissioner, Public Buildings Service, we presented our observations regarding the strengths and weaknesses of the new pricing strategy. Because the new strategy is still evolving, we did not provide formal recommendations in our report. However, management officials stated that they plan to use the information in our report as they continue to refine and implement the new rent strategy.

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## *Reviews of GSA Programs*

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### ***Travel Management Program Funding Fee***

GSA has provided Federal travelers with access to commercial travel agents through the Travel Management Center (TMC) program since the 1980s. The TMCs' most familiar role is to assist Federal travelers in obtaining cost-effective transportation, lodging, and car rental services. Today's TMCs perform a variety of functions and their roles continue to evolve to keep pace with technological changes in the travel industry and new customer requirements.

The Agency became an optional source for TMC services in 1994 and Congressional funding for the program was eliminated. Annual TMC costs are now required to be funded from program revenues. This is accomplished via the use of an Industrial Funding Fee (IFF) charged to customer agencies for their use of the TMC contracts. Revenue generated by the IFF must cover program costs, and at the same time costs of operation must be kept as low as possible in order to maintain the customer base.

Our review determined that the forecasted TMC revenues will not be sufficient to cover GSA's projected costs to provide travel services contracts to Federal customer agencies. The amount of the shortfall is not overly significant and, we believe, can be overcome.

Three GSA zonal offices contract for TMC services. While one of these offices has been designated the facilitating office, it has little or no control over the other two offices. Our review pointed out that the TMC program would benefit from a centralized organization through more efficient application of policy, providing customers and industry representatives one voice, and taxpayers a more cost-effective operation. We also reported that the IFF rates were being inconsistently applied and methods of contracting for TMC services differed among the offices.

Much of the TMC program administration involves manual processes that must be completed by program personnel. The development of a management information system would free up limited resources. Program personnel could then increase their attention to IFF compliance by TMCs and place more emphasis on compliance testing at individual TMC locations. Management is currently studying the feasibility of developing a management information system.

We recommended in our June 23, 1998 report that the Commissioner, Federal Supply Service:

- Ensure the TMC program revenue is monitored in conjunction with program expenses in an effort to create a break-even position at year-end.
- Determine an organizational structure that will provide a clear line of authority/responsibility that enables consistent communication and implementation of both policy and operational issues throughout Central Office and zonal TMC staffs.

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## ***Reviews of GSA Programs***

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- Establish one IFF rate for all customers applied against both their domestic and international sales.

Responsive management action plans were provided for implementing the report recommendations.

### ***Pennsylvania Avenue Development Corporation Financial Responsibilities***

The Pennsylvania Avenue Development Corporation (PADC), a quasi-government corporation, was established by Congress in 1972 to ensure that Pennsylvania Avenue and the area adjacent to it be developed in a manner suitable to its ceremonial and historical relationship with the Federal Government. PADC promoted the area's development using a variety of methods, such as providing grants directly to property owners for building renovations and acquiring property for resale to developers.

Congress terminated the PADC on April 1, 1996, and transferred divided PADC assets, liabilities, and responsibilities among the National Capital Planning Commission, the National Park Service, and GSA. The Agency received real estate that PADC was planning to develop or had developed, along with the inherent financial responsibilities. Additionally, GSA was tasked to complete the Ronald Reagan Building and International Trade Center. The Agency received \$13.6 million from the PADC transfer, along with any future income from the properties to carry out the transferred responsibilities.

We undertook a review to identify any major financial and management issues which arose from this PADC transfer and absorption by GSA, and determine if the Agency was adequately addressing them.

We noted that GSA successfully resolved the two most significant management and financial issues arising out of the transfer of PADC's assets, liabilities, and responsibilities to the Agency. The first issue was the resolution of a material weakness in identifying, valuing, and recording the transferred assets. The second issue dealt with the payment of outstanding debts due the U.S. Treasury.

The Agency is also actively addressing the issues that remain. These include funding to complete the Ronald Reagan Building, payments-in-lieu-of-real-estate-taxes, and the sale and disposal of remaining assets.

Our September 24, 1998 report contained no recommendations.

### ***Small Business Administration 8(a) Program***

The U.S. Senate Committee on Governmental Affairs requested that our office evaluate complaints from four minority-owned firms selling supply items to GSA through the Small Business Administration's (SBA) Section 8(a) program. These firms contacted the Committee with allegations of unfair treatment, including racial prejudice, harassment and other inappropriate conduct, and the use of improper procurement and contract management practices by GSA. The complainants alleged

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## **Reviews of GSA Programs**

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that these actions caused their businesses financial hardship.

In addition to requesting our assistance in evaluating the firms' complaints, the Committee submitted for our response a list of questions posed by one of the vendors. The questions primarily covered procurement issues (types of contracting actions, contract clauses, etc.) and method-of-supply issues. We provided our responses to the questions to the Committee and GSA on October 13, 1997.

Our review of procurement and contract administration actions taken by GSA determined that the Agency treated the complainants, other 8(a) vendors, and non-8(a) vendors in a consistent, fair manner. The complainants' assertions of improper treatment could not be substantiated. Although GSA had taken actions to terminate contracts awarded to two of the firms, the actions were justified in that the firms did not satisfactorily meet the requirements of their contracts.

We did not identify any evidence of discriminatory practices, harassment of the complainants, or ethnic bias as charged by the firms. GSA's participation in the 8(a) program has increased over the past few years and its accomplishments have met goals established by GSA and approved by SBA.

Our April 24, 1998 report contained no formal recommendations.

### **Agency Conferences Management**

In February 1993, President Clinton instructed executive departments to curtail the use of conferences. Shortly thereafter, the Office of Management and Budget issued Bulletin No. 93-11 stating that agencies are to exercise strict fiscal responsibility when selecting conference sites. GSA requires that senior management approve conferences sponsored by their organizations and that appropriate documentation be maintained. Regulations also prohibit the use of appropriated funds to pay for meals for local attendees, refreshments, and promotional items or mementos provided to conference participants, with some exceptions. In 1997, GSA spent about \$1 million for conference-related activities.

As part of our management controls review program, the OIG reviewed the sufficiency of GSA controls to justify selected conference sites, and to ensure that any conference-related expenses are appropriate.

We concluded that management controls over conference site selections and expenditures were not adequate. Documentation to justify the need for the conference, the conference location-site selected, and approval by senior management was often not available. We also found inappropriate use of appropriated funds when conference attendees were provided meals, refreshments, and memento items, resulting in violation of the Purpose Statute (31 U.S.C. 1301). A lack of awareness of management's responsibilities, as well as pertinent guidance that is not sufficiently clear, contributed to these occurrences.

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## ***Reviews of GSA Programs***

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In our September 29, 1998 report, we recommended that the Chief People Officer:

- Revise guidance to specify the documentation requirements relative to the need for the conference, minimization of attendees, consideration of alternative sites and cost comparisons, and appropriate approval.
- Have each Head of Service and Regional Administrator establish a central point within his/her organization to control the conference authorization process.
- Consolidate and clarify guidance regarding the use of appropriated funds for the purchase of memento items, meals, and refreshments at conferences and meetings.
- We also recommended that the Chief Financial Officer have senior officials determine the full extent of Purpose Statute violations and initiate appropriate action.

Management generally agreed with the recommendations. The report is still in the resolution process.

### ***Regional Promotion Procedures***

Personnel management functions of the Federal Government are vested in the Director of the Office of Personnel Management (OPM) by Title 5, United States Code, Section 1104. OPM has delegated most of the functions to the Federal agencies and operates an oversight program to assure that delegated activities conform to the merit system principles and related standards.

Management officials in one region asked for our assistance in determining whether appropriate controls are in place to assure that merit system principles are followed in the promotion process and how the region's promotion statistics compare to other regions.

We found that internal controls relating to the promotion process are generally being followed in the region, although an independent control record was not being maintained to document receipt of applications for specific vacancy announcements. Without such a procedure, applicants could complain that their applications were received but not considered. Also, the minimum documentation required to reconstruct promotion actions was not always maintained in the promotion files.

The percentage of minority employee promotions was found to be comparable to the ratio of minorities represented in the regional work force. Overall, the subject region promoted a larger percentage of employees than did any of the three other regions we examined. This increase, however, was caused primarily by the large number of positions in the region being reclassified, and the incumbent employees being accreted to higher grade levels.

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## *Reviews of GSA Programs*

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Our June 29, 1998 report recommended that the regional Director of the Human Resources and Program Support Division establish procedures to:

- Maintain an independent control record of applications received.
- Document reasons for ineligibilities and the rankings of applicants for referred listings.
- Assure the completeness of the promotion file documentation.

Responsive management action plans were provided for implementing the report recommendations.

### ***The Audit Follow-up Process***

Office of Management and Budget Circular A-50 requires agencies to establish a process to ensure that recommendations from Office of Inspector General and General Accounting Office audit reports are addressed and implemented. Within GSA, these responsibilities have been delegated to the Division for Audit Resolution and Follow-up (the Division). We initiated this review as part of our ongoing effort to assess Agency management controls.

Our review concluded that while the Division appears effective in tracking and closing audit action plans, GSA management has limited assurance that the actions taken effectively remedy conditions addressed by internal audit report recommendations.

The Division relies heavily on self-certification by the audited organizations that they have effectively resolved reported deficiencies. We determined, however, that for deficiencies noted in several audit reports, corrective actions that had been reported as being fully implemented by the Division have not always accomplished desired results. Reorganization, downsizing, and other budget constraints have severely impacted the work of the Division. As a result, the Division does not perform follow-up reviews to determine if management's corrective actions were effective in resolving audit issues. Instead, the Division relies on OIG implementation reviews to verify that reported conditions have been corrected. Our report pointed out that the OIG can provide only limited coverage for audit follow-up on management actions, and the Division should not fully rely on OIG implementation reviews to satisfy its responsibility for the overall follow-up process.

We also noted that the follow-up process does not provide for timely close-out of contract audits. Public Law 104-106 requires the OIG, in its Semiannual Report to the Congress, to identify all audit reports over 12 months old for which management has not completed final implementing actions addressing the reports' findings and recommendations. Untimely submission of contract audit close-out documentation has led to inaccurate reporting on final action items.



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## ***Reviews of GSA Programs***

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In our September 28, 1998 report, we recommended that the Controller and Audit Follow-up Official:

- Follow the intent of OMB Circular A-50 to ensure that management actions effectively resolve reported deficiencies, and provide independent verification on significant actions relating to the Agency's mission.
- Reemphasize the requirement for contracting officials to submit closure documentation in a timely manner.

Management disagreed with some statements made in our draft report; and where appropriate, we restated our reported findings and recommendations. The report is still in the resolution process.

### ***Theft of Government Property***

On July 15, 1998, a former member of the Halchita Community Council, Mexican Hat, Utah was sentenced in U.S. District Court after pleading guilty to theft of Government property. He was sentenced to 12 months incarceration, 36 months probation, and ordered to pay \$5,000 restitution. The former member wrongfully obtained Federal surplus property through the GSA Federal Surplus Personal Property Donation program.

A joint OIG and Defense Criminal Investigative Service investigation was initiated when a GSA employee alleged that the former member was acquiring Federal surplus property for his own use. During the investigation, Government property valued at \$506,000 was recovered and returned to the Federal surplus property program.

### ***Customer Order Shipment Discrepancies***

GSA provides thousands of products to its customers through its four stock depots and 11 Customer Supply Centers located around the country. In FY 1997, depot sales exceeded \$603 million. GSA has a "no questions asked" return policy in order to keep customers satisfied. If customers report lost or incomplete orders, or damaged products, the Agency's National Customer Service Center (NCSC) resolves the discrepancy by either issuing a credit to the customer or re-shipping the merchandise.

Following a recent OIG review that identified unauthorized shipments of depot merchandise, we felt that other aspects of depot operations might be vulnerable to abuse. We selected the area of merchandise and invoice credits for shipping discrepancies because customers could take unfair advantage of the "no questions asked" policy and not pay for merchandise received.

We reported that supply inventory adjustments in FY 1997 were less than \$18 million dollars, amounting to about three percent of sales, which is not considered material when compared to the total depot sales. Our survey work concluded that management's controls regarding depot inventory adjustments were in place and effective.

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## ***Reviews of GSA Programs***

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We noted areas for improvement, however, in that the Agency could not identify which small package carriers transported customer orders that were ultimately reported as lost or damaged. Although the depot now scans the shipment and carrier information and shares that data with the NCSC, the data was unusable due to incompatible information fields. However, after we briefed GSA officials in two regions, management designed an interim strategy to provide the necessary shipment data to enable the NCSC to adequately resolve discrepancies in one depot, and upon test completion, intends to apply the tracking technique nationally. Finally, we reported that, even though customer service technicians had discovered many errors and had made corrections in other records, the NCSC database contained erroneous information rendering the order data unsuitable for management analysis purposes.

In our August 5, 1998 report, we recommended that the Commissioner:

- Require correction of erroneous data in the NCSC database when technicians detect errors; ensure that edit checks are incorporated into a new automation system being developed; and advise depots of their own errors so that corrective action can be taken.
- Monitor regional initiatives to improve the ability to accurately resolve discrepancies, and duplicate successful initiatives at the remaining depots.

Responsive management action plans were provided for implementing the report recommendations.

### ***Conversion of Federal Surplus Property***

On May 19, 1998, a physician pled guilty to converting surplus property from a Federal agency for his own benefit, and received a deferred adjudication pending his completion of 48 months probation. He was also fined and ordered to make an additional monthly payment during his probation.

A joint OIG and Defense Criminal Investigative Service investigation was initiated after two hospital board members advised that the physician had proposed a scheme whereby the hospital would pay for surplus property which the physician intended to convert for his personal use. The investigation revealed that the hospital board paid \$35,000 to the Federal Surplus Property Agency for future acquisitions. The physician then contacted the Agency and told it to use the \$35,000 to pay for property he had previously acquired. The Federal property recovered was valued at over \$140,000 and included a road grader, bulldozer, and fifth wheel truck. The physician obtained these items without the knowledge of the hospital board and stored the items on his personal property.

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## Procurement Activities

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*GSA is responsible for providing working space for almost 1 million Federal employees. GSA, therefore, acquires buildings and sites, constructs facilities, and leases space, and also contracts for repairs, alterations, maintenance, and protection of Government-controlled space. GSA also operates a Governmentwide 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 review these procurements both on a preaward and postaward basis to ensure that the taxpayers' interests are protected.*

### Significant OIG Accomplishments

#### Over \$1.9 Million in Civil Recoveries

During this period, the Government entered into 4 settlement agreements in which companies agreed to pay a total of over \$1.9 million to resolve their potential civil liabilities under the False Claims Act. These agreements, negotiated by representatives of the Department of Justice and the GSA OIG, reflect the ongoing efforts of the OIG to pursue cases involving procurement fraud and other practices which threaten the integrity of the Government's procurement process.

Many of these cases involved procurements under GSA's Multiple Award Schedule (MAS) program. Under this program, GSA negotiates contracts with a number of vendors who may then sell covered products to Federal agencies at established contract prices. Consistent with the provisions of the Truth in Negotiations Act and the Competition in Contracting Act, the process is based on the principles of full and open disclosure and fair negotiations. Vendors must provide current, accurate, and complete pricing information--including information about discounts granted their most favored commercial customers--during contract negotiations. Relying on this information, GSA contracting personnel then seek to obtain the best possible prices for the Government. In cases where vendors fail to provide current, accurate, or complete information, the Government may pay artificially inflated prices for products and services purchased. Highlights of these cases follow.

- In an agreement signed June 29, 1998, Haworth, Inc., a manufacturer of systems furniture for offices, agreed to pay \$725,000 to resolve its potential civil False Claims Act liability. The settlement resolved allegations that Haworth engaged in defective pricing practices while negotiating its MAS contract and violated the Cargo Preference Act by using non-U.S. vessels for transporting its products to U.S. military installations overseas.
- EPS Technologies, Inc., an information technology hardware seller, agreed to pay \$564,000 to settle the Government's claims that it failed to provide accurate data to GSA when it negotiated its MAS contract. The Government's investigation and audit work had found that EPS failed to fully disclose the extent of its discounting practices and that this failure resulted in higher prices to Federal customers.
- Office Depot, Inc., as the new owner of Allstate Office Products, Inc., agreed to pay \$550,000 to settle the Government's allegations that Allstate failed to accurately disclose its discounting practices to GSA when it was negotiating its MAS contract to supply office products to Federal customers. The Government

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## ***Procurement Activities***

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alleged that Allstate's failure caused Federal buyers to pay more for the products than they otherwise would have paid. The agreement also resolved alleged violations of the price reduction clause and overcharging of Federal customers.

### ***Buildings Maintenance Service Contracts***

GSA has changed the manner in which it procures and administers service contracts. Preventive maintenance, repairs, and janitorial services are being awarded as performance-based contracts, replacing prescriptive-type contracts, such as those with specified service frequency and work quantity requirements. This change means that management needs sufficient controls to ensure that contractors' performance meet overall requirements.

The OIG reviewed the controls over mechanical and repair services rendered by private contractors in one region to ensure that the Government receives the services paid for, and that the Agency effectively administers these contracts.

We found that the new performance-based contracts will essentially rely on contractors to provide quality service with lesser levels of oversight by GSA inspectors. GSA's ability to quickly identify and react to poorly-performing contractors is seen as an important control mechanism in the success of these performance-based contracts. We noted that there is a reluctance to impose sanctions for work not performed (or performed unsatisfactorily) even though GSA inspectors may identify repetitive performance deficiencies.

We also observed that some required contractual work has not been performed because the prime contractors have failed to pay their subcontractors for past services and the subcontractors refuse to continue work or deliver reports until paid. Testing fire alarm systems and drinking water quality, picking up trash, and repairing equipment are some of the essential subcontracted activities affected. Also, some contractors were not paying their employees the hourly wage rates established by the Department of Labor. Finally, we noted that GSA is paying for minor repairs costing less than \$2,000 per job, even though these seem to be the responsibility of the service contractors under the definition of "incidental repairs."

In our September 9, 1998 report, we recommended that the Regional Administrator:

- Establish controls that clearly define contractual requirements and the basis for termination for poor performance or non-payment of subcontractors.
- Establish procedures to identify contractors' compliance with the Service Contract Act and refer identified violations to the Department of Labor.
- Establish a record control requiring documentation of management's decision to pay for incidental repairs.

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## ***Procurement Activities***

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The Regional Administrator agreed with most of the recommendations, but felt that the existing procedures for reporting violations of the Service Contract Act to the Department of Labor were adequate. The report is still in the resolution process.

### ***Embezzlement and Conversion of Government Property***

On May 8, 1998, a contractor employee assigned to the GSA Bricker Parking Facility in Columbus, Ohio pled guilty in U.S. District Court to embezzlement and conversion of Government property. He was sentenced to 3 years probation and ordered to pay restitution of \$5,721 for conspiracy to defraud the Government.

The investigation was initiated when a GSA Federal Protective Service employee reported the possibility of illegal activity at a Government parking facility. It was determined that the contractor employee stole cash and checks collected for parking space rentals. The converted cash and parking rights were worth \$7,446. In one instance, the contractor employee traded 1 year of parking for a computer. During the investigation, OIG agents obtained a search warrant and seized the computer.

### ***Customer Service Center Procurements***

GSA provides space and related services to Federal customers through its Customer Service Centers (CSC). Authorized CSC staff can procure supplies and services needed to perform their official responsibilities using simplified acquisition procedures. Agency-issued credit cards are the preferred means of purchase and are considered more timely and cost-effective. Although procedures are simplified, procurement officials are nevertheless required to comply with basic management controls mandated by GSA policy and guidelines.

In several recent reviews, we identified problems arising from a lack of management controls being exercised, particularly in the procurement arena. Procurement authority is being delegated to employees who are neither experienced nor trained in procurement regulations. Accordingly, we included a review of the management controls for CSC procurements as part of the OIG's annual audit plan. This period, we examined simplified procurements in one regional CSC to see whether supplies and services were procured in accordance with regulations and, if not, what the significance or harm might be.

We found that procurements were generally made in accordance with policy and guidance. A number of controls pertaining to credit card purchases, however, were not being followed. In addition, required administrative actions to update a control-contract log and a central procurement data system were not being accomplished. Although the deficiencies have not resulted in significant losses, GSA would be exposed to undue risk should these conditions be allowed to continue.

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## ***Procurement Activities***

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In our August 20, 1998 report to the Regional Administrator, we recommended that:

- Credit card users and approving officials be properly trained and reminded of their responsibilities to comply with the minimal acceptable controls for credit card usage, and that approving officials be required to perform meaningful reviews to ensure these controls are followed.
- Contracting officials promptly enter required procurement data into the information system and maintain a contract action log with a sequential numbering system.

The Regional Administrator generally agreed with the recommendations. The report is still in the resolution process.

### ***Property Management Procurement Activities***

GSA has the responsibility to provide fully-serviced space to house Government agencies in Federally-owned and leased buildings. Field offices and property management centers located in various geographical areas of the country fulfill the needs of Government agencies occupying these buildings. In general, the activities of a field office include procurement, asset management, maintenance, and lease administration.

Our review of one field office identified several procurement-related control issues for management's attention. The certified invoice (micro-purchase) threshold was exceeded in several instances, and a number of certified invoice files did not contain required explanations of price reasonableness. Also, purchases were made using the International Merchant Purchase Authorization Card (IMPAC) for conference room rentals when Government conference rooms were available, and for unauthorized meals and groceries. Finally, access to and control over centralized procurement identification numbers did not meet established policy and could result in misuse of such control numbers.

We also found that elevator maintenance contractors were not providing the required supervisory hours, even though GSA had been paying for these services. The process to recover overpayments was initiated as a result of our review.

In addition, the field office needs to have an approved quality assurance program, as required by the elevator maintenance contracts, for all of the serviced buildings under its control. It is crucial to have a well documented and executed quality control program to show the Government that maintenance is being properly performed and monitored. Without such a program, it is difficult to determine what work or inspections were performed by the contractors. Inadequate preventive maintenance or repairs can cause mechanical failures and jeopardize passenger safety.

We recommended in our September 14, 1998 report that the Regional Administrator:

- Ensure that the field office adheres to established policy regarding simplified procurement methods.

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## ***Procurement Activities***

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- Issue instructions to field office management regarding proper use of credit cards and adherence to established regulations.
- Assign primary and alternate persons to improve controls over the centralized procurement numbers and register.
- Obtain, review, and approve quality control programs for the elevator maintenance contracts for each of the buildings under the field office's control.

The Regional Administrator agreed with our recommendations. The report is still in the resolution process.

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## ***Partnering with GSA Management***

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### ***Value-Added Assistance Services***

During this period, we continued to offer value-added assistance to GSA management through consulting services, advisory reviews, and other management-requested reviews. Our expanded efforts help the Agency to become more efficient and effective by providing managers with timely information they request to improve decision-making, program outputs, and mission accomplishment. These services have been added while we continue to offer our more traditional services, including program evaluations, contract and financial audits, and internal control reviews.

**Consulting Services.** These OIG efforts are initiated by Agency management officials, not the OIG, and are designed to provide management with quick, up-front responses to specific program concerns. Requesting officials both define and limit the scope of the consulting project. Information objectively developed by the OIG is provided for the interpretation and discretionary use of the requesting official in a true partnering relationship with Agency management. Additionally, consulting service products are distributed only to the requesting official and contain observations and alternatives for consideration in lieu of formal audit recommendations. Some of our consulting services are highlighted in the following paragraphs.

- **Shipment Confirmations** - Management officials in one region requested our office to determine if “shipment confirmation(s)” are being entered into the information system prior to receipt of documentation from the contractor. We determined that this is occurring, apparently because of an incentive program that can result in time-off and employee recognition awards for team members for on-time deliveries by contractors. In our April 2, 1998 report, we suggested that confirmation of shipments be entered into the system only after the confirmation document is received from the contractor. This will prevent accepting delinquent contractor shipments, maintaining inaccurate contractor performance history information, and awarding time-off and employee recognition awards when unearned.
- **Credit Card Contractor Performance** - The Agency requested OIG assistance in determining whether the policies, procedures, and practices of a GSA credit card contractor “adequately ensure accuracy in invoicing, reporting, and tax issues.” By applying sophisticated electronic data analysis, we were able to determine that the contractor maintains and uses current and accurate tax rates and exemption statuses. Our April 21, 1998 report also concluded that the contractor’s electronic points of sale controls are adequate to detect and prevent significant fraudulent use of the credit card.
- **Documentation System Efficiency** - Agency management was concerned that a manual documentation system was not efficient for controlling a property disposition function and requested our evaluation. While we found the current process to be effective, we were able to identify cumbersome procedures and suggest techniques to make records more accessible to the various user entities. Additionally, our July 20, 1998 report suggested opportunities for future automation of the record-keeping process to make it more efficient.



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## *Partnering with GSA Management*

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- Potential Market for Stock Sale Items - Management officials in one region requested our assistance in determining the feasibility of GSA providing supplies to contractors servicing Government-owned and leased buildings in that region. Our July 23, 1998 report concluded that the Agency could potentially become the contractors' supply source through competitive pricing and service.
- Control Center Costs - Management officials were concerned that they lacked sufficient historical data on the cost to operate the existing Federal Protective Service's regional control centers. Under a megacenter concept, regional centers will be consolidated to serve a broad geographic area and services will be enhanced. Managers felt we could provide valuable information to assist them in future purchase and budgetary decisions during the implementation of the megacenters. Our report, issued May 29, 1998, identified staffing, operating functions during various tours of duty, level of services provided, and the related costs for these activities in five GSA regions. At management's request, we proceeded with a similar review for the remaining GSA regions and provided that data in our August 11, 1998 report.
- Congressional Inventory System - GSA provides support to congressional offices by maintaining inventory, expenditure, and reimbursement records related to office furniture and furnishings. The Agency oversees furniture fund balances and procures furniture for Senate offices, and performs physical inventories for both Senators and Congressmen. In one region, management requested our assistance because of concerns of incorrect data in the inventory system. We worked in partnership with regional personnel responsible for the inventory records to determine the extent of any problems and, if found, approaches to resolving them. Our September 30, 1998 report concluded that some inaccuracies do exist in the inventory system. We were able to determine that the primary reason for the inaccuracies was personnel new to this function, and we suggested actions to improve program oversight.
- Procurement Activities - A management official requested our assistance in reviewing whether the procurement and financial controls over certain projects within his office were adequate to protect the Government's interests. We assessed the controls operative within the scope of management's concerns. We concluded in our report dated September 30, 1998 that procurement activities by contracting personnel could be improved in the areas of authorized spending levels, and required reviews and approvals over procurements. We advised that personnel would benefit from refresher training courses to keep current with revisions in procurement policies and procedures.

**Advisory Reviews.** These OIG services are designed to develop information useful to Agency managers who are responsible for making decisions and initiating program improvements. Typically, we will identify benchmarks and analyze best practices used in both private industry and Government agencies to determine if GSA is delivering comparable products and services as effectively as other provider entities. Advisory reviews are usually initiated by the OIG, although management may

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## *Partnering with GSA Management*

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request them as well. Our reports provide observations and conclusions, without recommending corrective actions. The following highlights one such review accomplished during this period.

**GSA Planning for GPRA** - The 1993 Government Performance and Results Act (GPRA) provides for strategic planning and performance measurement in the Federal Government. GPRA establishes a framework for more effective planning, budgeting, program evaluation, and fiscal accountability for Federal programs. GPRA requires that agencies prepare long-range strategic plans and annual performance plans that identify goals and measures to gauge progress. Ultimately, annual reports comparing actual accomplishments to set goals will be required. GSA submitted its strategic plan to Congress in September 1997 and its FY 1999 performance plan in March 1998. Both Congress and the General Accounting Office believed these submissions could be significantly improved.

To assist GSA with its efforts to implement GPRA, the OIG compared the Agency with other Federal agencies to identify “best practices” that GSA could find beneficial and adopt. During our review, we met with officials at three Federal agencies whose initial GPRA products were better received by Congress than were GSA’s. In order to develop the agencies’ mission, strategy, and goals, these three agencies commonly employed key practices which included: (1) clear, consistent, and visible involvement by senior management; and (2) clearly articulated roles and responsibilities of officials at all levels of the organization.

In contrast, GSA’s GPRA implementation was centered in the Office of Performance Management in the Office of the Chief Financial Officer. Senior management from GSA’s major components had few opportunities to be actively engaged in the day-to-day implementation activities. Also, without sufficient guidance and coordination in developing performance plans among the major organizational components, the plans varied greatly.

We issued our advisory report to the Chief Financial Officer (CFO) on June 29, 1998. Since the report did not contain formal recommendations, written management comments were not required. The CFO stated, however, that the insights contained in the report would be helpful to GSA in preparing its FY 2000 Performance Plan.

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## Prevention Activities

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*In addition to detecting problems in GSA operations, the OIG is responsible for initiating actions to prevent fraud, waste, and abuse and to promote economy and efficiency.*

### **Significant Preaward and Other Audits**

The OIG's preaward audit program provides information to contracting officers for use in negotiating contracts. The pre-decisional, advisory nature of preaward audits distinguishes them from other audits. This program provides vital and current information to contracting officers, enabling them to significantly improve the Government's negotiating position and to realize millions of dollars in savings on negotiated contracts. This period, the OIG performed preaward audits of 55 contracts with an estimated value of \$2.9 billion. The audit reports contained over \$274 million in financial recommendations.

This period, we audited eleven of the major companies with Multiple Award Schedule (MAS) contracts for copiers to determine whether the MAS contract prices are fair and reasonable when compared to the companies' current standard commercial sales practices. The Agency asked us to audit these companies because it decided to extend the current copier contracts (originally awarded in 1993) for a 3-year period, rather than issuing a new solicitation and negotiating new contracts. Thus, the copier companies were not required to submit any information regarding their current sales and discounting practices. The estimated MAS contract sales for the 11 companies during the 3-year extension period is \$1.4 billion, or approximately 98 percent of the total MAS sales for copiers. Our recommended adjustments to the current MAS contract prices for purchases, maintenance, rentals, and lease to ownership plan could save contract users \$198.8 million, or an overall savings of approximately 14.2 percent for the 11 companies.

Our reports pointed out that the MAS contract prices for many models are not the best prices available from the copier companies for similar purchases, although the MAS contracts generally represents the companies' largest volume agreement. Perhaps the most surprising discovery was that State governments' prices posted on the Internet often are substantially better than the MAS contract prices. In addition to State governments, many of the copier companies provide deeper discounts to large commercial end user customers than to MAS contract users.

Further, several of the copier companies give commercial customers lower maintenance and rental prices which include consumable supplies such as toner, than the prices MAS customers pay for maintenance and rental without such supplies. Some of the copier companies also offer better commercial pricing on multi-year maintenance agreements than offered to MAS contract customers.

We also audited several claims for increased costs allegedly caused by the Government during the construction and renovation of Federal buildings. Two of the more significant audits contained proposed prices totaling \$5.2 million, and recommended adjustments of \$4.6 million. In an audit of a claim for increased costs due to various alleged Government caused delays, we advised the contracting officer that the contractor's claim should be adjusted to eliminate duplications, inconsistencies, and previously negotiated costs. In an audit of another claim, we advised the contracting officer that a subcontractor's decision to obtain more

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## ***Prevention Activities***

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expensive, but inferior, materials was based on an agreement with the prime contractor and not at the direction of the Government.

### ***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 11 briefings attended by 110 regional 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 and slides, the briefings make GSA employees aware of actual instances of fraud in GSA and other Federal agencies and thus help to prevent their recurrence. The briefings have in fact led to OIG investigations based on reports by GSA employees of suspected wrongdoing.

### ***Hotline***

The OIG Hotline provides an avenue for concerned employees and other concerned citizens to report suspected wrongdoing. Hotline posters located in GSA-controlled buildings, as well as brochures, encourage employees to use the Hotline.

During this reporting period, we received 1,473 Hotline calls and letters. Of these, 65 complaints warranted further GSA action, 17 warranted other Agency action, and 1,391 did not warrant action.

### ***Implementation Reviews***

The OIG performs, on a selected basis, independent reviews of implementation actions to ensure that management's corrective actions in response to OIG recommendations are being accomplished according to established milestones. This period, the OIG performed six implementation reviews. In five of the reviews, all of the recommendations had been implemented. In the other review, the actions taken for two of the five recommendations were not in accordance with management's action plan.

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## Review of Legislation and Regulations

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*The Inspector General Act of 1978 requires the OIG to 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.*

During this period, the OIG reviewed 283 legislative matters and 19 proposed regulations and directives. The OIG provided significant comments on the following legislative items:

- *Proposed Federal Property and Administrative Services Act Amendments of 1998.* We provided comments on proposed changes to the Federal Property and Administrative Services Act which would allow Federal agencies to enter into unlimited extensions and renewals of their real property leases. We believe that it would be more prudent to allow agencies some latitude in extending current leases, while retaining GSA's long-term property management authority. We pointed out that allowing each agency unfettered lease renewal authority would seriously compromise GSA's ability to effectively manage Federal property in any particular geographical area. We strongly recommended that lease renewals by individual agencies be consistent with current and future overall Federal leasing plans for each relevant geographical area. We also recommended that some time limit be set for the extension of leases by Federal agencies, as well as requirements for formal competition by prospective lessors.
- *H.R. 4244, Federal Procurement System Performance Measurement and Acquisition Workforce Training Act of 1998.* We provided several comments about the proposals in this bill aimed at improving the overall qualifications of those involved in the Federal procurement process. While we supported efforts to standardize the education and training requirements of acquisition professionals, we raised concerns about some of the specific provisions. For example, we questioned why there is a discrepancy between the Department of Defense (DOD) and civilian agencies on the level of education required. As drafted, the bill would require DOD contracting personnel to have a baccalaureate degree within 1 year, while there is no such requirement for civilian contracting officials. We pointed out that there is no reason to distinguish between DOD and civilian contracting officials. We also recommended that an education requirement be phased in over a period longer than the 1-year time frame proposed. We believe that it would be more fair to allow a longer phase-in period for the education requirements to avoid undue hardship on experienced, high-performing contracting officials, and the likely disruption of acquisition office operations. We also suggested that some of the proposed changes to the performance appraisal system for acquisition professionals raise privacy and fairness concerns. Further, we believe that some of the proposed changes to the recruitment process may unintentionally make it more difficult for agencies to quickly and efficiently hire qualified persons, thereby undermining the intent of that section of the bill.
- *S. 2167, Inspector General Act Amendments of 1998.* We provided comments to the President's Council on Integrity and Efficiency on proposed amendments to the Inspector General Act of 1978 (the Act). We concurred with most of the proposed changes to the Act, including the addition of a specific, renewable term

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## *Review of Legislation and Regulations*

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of years for IGs, the reduction of the number of reports to Congress from 2 to 1 per year, and the change to IG salary levels. Regarding the proposal to transfer the functions of very small IGs to larger offices, we recommended that the bill also specifically provide for the transfer of personnel and appropriations to each IG assuming a smaller IG's functions and responsibilities. We also recommended that the bill be changed to allow longer than 30 days to effectuate an orderly transfer. We disagreed with the portion of the bill that would require an external review of each Office of Inspector General every 3 years. We believe that this requirement is not necessary, given the congressional oversight already in place and the level of bureaucracy such a provision would add.

- *S. 1364, The Federal Reports Elimination Act of 1997.* In our comments we generally supported the proposed elimination of unnecessary and duplicative reporting requirements. However, we noted our concern with a provision of the bill that would eliminate a report from GSA to Congress concerning GSA's disposition by negotiation of personal property of a value of over \$15,000, and real property of a value of over \$100,000. We believe that it is helpful for GSA to keep Congress apprised of the disposal of significant Federal property. We suggested that the bill be changed to raise the value of personal property, the disposal of which triggers the reporting requirement, to \$100,000, and the value of reportable real property disposal to \$500,000. By making this change, the bill would reduce GSA's reporting requirement while continuing to ensure that Congress receives sufficient information to exercise appropriate oversight.

In addition, the OIG provided comments on the following regulatory item:

- *Proposed Changes to the Federal Property Management Regulations to Allow the Donation of Federal Surplus Firearms to State and Local Law Enforcement Activities.* We made recommendations to GSA on two occasions about its proposal to change the Federal Property Management Regulations to allow State and local law enforcement agencies to receive donation of surplus Federal firearms. While we generally supported the goal of making surplus weapons available to State and local law enforcement, we expressed strong reservations that the proposed regulatory amendments were being developed without appropriate controls. We commented that, in our experience, the current State surplus property systems are too lax to exert the kind of strict accountability and control that would be absolutely necessary in the disposal of weapons. We strongly recommended that the physical transfer of firearms be made directly to law enforcement officials, rather than to intermediary State surplus property agencies and that such transfers be made only after appropriate justification of need by the acquiring agency. We also recommended that, when donated firearms are no longer of use, they are returned to the donating Federal agency for destruction or that such destruction by the State be certified to GSA.

## Statistical Summary of OIG Accomplishments

### **Audit Reports Issued**

The OIG issued 126 audit reports. The 126 reports contained financial recommendations totaling \$287,469,747, including \$274,294,641 in recommendations that funds be put to better use and \$13,175,106 in questioned costs. Due to GSA's mission of negotiating contracts for Governmentwide supplies and services, most of the recommended savings that funds be put to better use would be applicable to other Federal agencies.

### **Management Decisions on Audit Reports**

Table 1 summarizes the status of the universe of audits requiring management decisions during this period, as well as the status of those audits as of September 30, 1998. Five reports more than 6-months old were awaiting management decisions as of September 30, 1998; all of them were preaward audits, issued before February 10, 1996, which are not subject to the 6-month management decision requirement. Table 1 does not include 1 report issued to another agency this period. Table 1 also does not include 24 reports excluded from the management decision process because they pertain to ongoing investigations, one of which was issued this period.

**Table 1. Management Decisions on OIG Audits**

	No. of Reports	Reports with Financial Recommendations	Total Financial Recommendations
For which no management decision had been made as of 4/1/98			
Less than 6 months old	27	17	\$ 8,948,975
More than 6 months old	14	12	2,691,509
Reports issued this period	<u>124</u>	<u>62</u>	<u>286,862,879</u>
<b>TOTAL</b>	<b>165</b>	<b>91</b>	<b>\$298,503,363</b>
For which a management decision was made during the reporting period			
Issued prior periods	36	25	\$ 11,234,785
Issued current period	<u>76</u>	<u>29</u>	<u>29,441,390</u>
<b>TOTAL</b>	<b>112</b>	<b>54</b>	<b>\$ 40,676,175</b>
For which no management decision had been made as of 9/30/98			
Less than 6 months old	48	33	\$257,421,489
More than 6 months old	<u>5</u>	<u>4</u>	<u>405,699</u>
<b>TOTAL</b>	<b>53</b>	<b>37</b>	<b>\$257,827,188</b>

## Statistical Summary of OIG Accomplishments

### **Management Decisions on Audit Reports with Financial Recommendations**

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

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

	<u>No. of Reports</u>	<u>Financial Recommendations</u>
For which no management decision had been made as of 4/1/98		
Less than 6 months old	12	\$ 3,993,784
More than 6 months old	12	2,691,509
Reports issued this period	<u>39</u>	<u>273,687,773</u>
<b>TOTAL</b>	<b>63</b>	<b>\$280,373,066</b>
For which a management decision was made during the reporting period		
Recommendations agreed to by management based on proposed		
•management action	—	\$ 28,694,224
•legislative action	—	—
Recommendations not agreed to by management	<u>—</u>	<u>1,234,279</u>
<b>TOTAL</b>	<b>38</b>	<b>\$ 29,928,503</b>
For which no management decision had been made as of 9/30/98		
Less than 6 months old	21	\$250,038,864
More than 6 months old	4	405,699
<b>TOTAL</b>	<u>25</u>	<u>\$250,444,563</u>



## Statistical Summary of OIG Accomplishments

**Table 3. Management Decisions on OIG Audits  
with Questioned Costs**

	<b>No. of Reports</b>	<b>Questioned Costs</b>
For which no management decision had been made as of 4/1/98		
Less than 6 months old	5	\$ 4,955,191
More than 6 months old	0	0
Reports issued this period	23	13,175,106
<b>TOTAL</b>	<b>28</b>	<b>\$18,130,297</b>
For which a management decision was made during the reporting period		
Disallowed costs	—	\$11,059,652
Costs not disallowed	—	52,632
<b>TOTAL</b>	<b>16</b>	<b>\$11,112,284*</b>
For which no management decision had been made as of 9/30/98		
Less than 6 months old	12	\$ 7,382,625
More than 6 months old	0	0
<b>TOTAL</b>	<b>12</b>	<b>\$ 7,382,625</b>

\*Includes \$364,612 that management decided to seek that exceeded recommended amounts.

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## Statistical Summary of OIG Accomplishments

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### **Investigative Workload**

The OIG opened 71 investigative cases and closed 95 cases during this period. In addition, the OIG received and evaluated 43 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 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.

**Table 4. Summary of OIG Referrals**

Type of Referral	Cases	Subjects
Criminal	22	49
Civil	4	8
Administrative	66	100
<b>TOTAL</b>	<b>92</b>	<b>157</b>

In addition, the OIG made 20 referrals to other Federal activities for further investigation or other action and 20 referrals to GSA officials for informational purposes only.

### **Actions on OIG Referrals**

Based on these and prior referrals, 9 cases (19 subjects) were accepted for criminal prosecution and 3 cases (4 subjects) were accepted for civil litigation. Criminal cases originating from OIG referrals resulted in 3 indictments/informations and 12 successful prosecutions. OIG civil referrals resulted in 3 cases being accepted for civil action and 4 case settlements. Based on OIG administrative referrals, management debarred 29 contractors, suspended 7 contractors, and took 6 personnel actions against employees.

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## Statistical Summary of OIG Accomplishments

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### **Monetary Results**

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

In addition, the OIG had administrative recoveries of \$1,579,510 during the course of its investigations.

**Table 5. Criminal and Civil Recoveries**

	<u>Criminal</u>	<u>Civil</u>
Fines and Penalties	\$ 111,020	\$ —
Settlements and Judgments	—	1,989,000
Restitutions	<u>2,080,489</u>	<u>—</u>
<b>TOTAL</b>	<b>\$2,191,509</b>	<b>\$1,989,000</b>



# ***APPENDICES***

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## **Appendix I - Significant Audits from Prior Reports**

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

Fifteen audits highlighted in prior Reports to the Congress have not yet been fully implemented; all are being implemented in accordance with currently established milestones.

### **IMPAC Credit Card Program**

*Period First Reported: October 1, 1997 to March 31, 1998*

The evaluation focused on the controls over the use of the International Merchant Purchase Authorization Cards (IMPAC) for small purchases. The report contained four recommendations; they have not yet been implemented.

The recommendations include improving management controls; developing a review program of card practices and transactions; providing training; and monitoring credit card purchases using available tools. They are scheduled for completion between January 15, 1999 and February 15, 1999.

### **Megacenter Dispatch Services**

*Period First Reported: October 1, 1997 to March 31, 1998*

The review focused on GSA's plans to consolidate security controls centers into four megacenters. The report contained four recommendations; they have not yet been implemented.

The recommendations include developing alternate access procedures; developing contingency plans to continue dispatch function during natural disasters; upgrading alarm systems; and implementing a preventive alarm maintenance program. They are scheduled for completion by June 15, 2000.

### **Accuracy of Rent Billing Data**

*Period First Reported: October 1, 1997 to March 31, 1998*

The review identified opportunities for improving the accuracy of GSA's rent billing data. The report contained three recommendations; one has been implemented.

The remaining recommendations involve reassessing accountability for building and tenant data accuracy and adopting a reconciliation process that minimizes the chance of errors. They are both scheduled for completion by November 15, 1998.

### **Contract Workload Management**

*Period First Reported: October 1, 1997 to March 31, 1998*

The review identified opportunities for improving workload management. The report contained one recommendation; it has not yet been implemented.

The recommendation involves the need to automate key activities of the contracting process. It is scheduled for completion by May 15, 1999.

### **Procurement Personnel Qualifications**

*Period First Reported: October 1, 1997 to March 31, 1998*

The review focused on the training and experience requirements for procurement personnel. The report contained four recommendations; one has been implemented.

Two recommendations involve training requirements for current and future contracting officers and are scheduled for completion by December 15, 1998 and April 15, 1999. The third recommendation involves designing procedures to document selections, appointments, training, and terminations. It is scheduled for completion by December 15, 1998.

### **Year 2000 Computer Systems**

*Period First Reported: October 1, 1997 to March 31, 1998*

The review assessed GSA's progress for planned systems conversions. The report contained three recommendations; they have not yet been implemented.

One recommendation involves determining systems that are critical and need to be prioritized for conversion. Another recommendation involves monitoring the progress against plans and schedules. They are scheduled for completion by October 15, 1998. The third recommendation concerns taking steps to manage, coordinate, and accelerate year 2000 computer analysis and conversion. It is scheduled for completion by October 15, 1999.

### **Federal Protective Service Investigation Office**

*Period First Reported: April 1, 1997 to September 30, 1997*

The evaluation focused on a review of the Federal Protective Service's criminal investigation activities. The report contained five recommendations; one has been implemented.

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## **Appendix I - Significant Audits from Prior Reports**

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The remaining recommendations include establishing measurable performance standards; improving program accountability; establishing centralized training system and strengthening the coordination of the Intelligence Sharing program; and considering adoption of benchmarked best practices on a national basis. They are scheduled for completion between October 15, 1998 and December 15, 1998.

### **Administration of Real Estate Taxes**

*Period First Reported: April 1, 1997 to September 30, 1997*

The review examined the real estate tax administration of GSA's leases. The report contained two recommendations; one has been implemented.

This recommendation involves modifying contract procedures to ensure that the Government receives its share of reductions in real estate taxes. While all pertinent actions have been taken, it remains open until all recovery actions are completed. It is scheduled for completion by November 15, 1998.

### **Inventory Cost Management**

*Period First Reported: April 1, 1997 to September 30, 1997*

A review of the program management systems noted that improvements were needed in computing the economic order quantity (EOQ). The report contained three recommendations; two have been implemented.

The remaining recommendation involves improving the accuracy and reliability of EOQ to reduce inventory levels and operating costs. It is scheduled for completion by March 15, 1999.

### **Federal Acquisition Services for Technology Program**

*Period First Reported: April 1, 1997 to September 30, 1997*

The review identified opportunities for improving the management of the program designed to quickly procure off-the-shelf computer products and services. The report contained two recommendations; one has been implemented.

The remaining recommendation involves developing and implementing a business plan for the program. It is scheduled for completion by October 15, 1998.

### **Telecommuting Centers**

*Period First Reported: October 1, 1996 to March 31, 1997*

The review focused on GSA's role in the Federal Government's telecommuting initiatives, and the recovery of costs and the methods being used to recover costs. The report contained two recommendations; one has been implemented.

The remaining recommendation involves developing billing rates to recover costs and developing a mechanism for billings. It is scheduled for completion by November 15, 1998.

### **Debarment Program**

*Period First Reported: October 1, 1996 to March 31, 1997*

The review identified opportunities for improving the debarment program. The report contained two recommendations; they have not yet been implemented.

One recommendation involves modifying the new contractors' performance database and is scheduled for completion by June 15, 1999. The other recommendation involves providing debarment program training to contracting officers. It is scheduled for completion by January 15, 1999.

### **PBS Information Systems Strategy**

*Period First Reported: April 1, 1996 to September 30, 1996*

The review identified the importance of defining, planning, and coordinating the procurement of new information systems. The report contained two recommendations; one has been implemented.

The remaining recommendation requires ensuring that the GSA pilot systems and planned software initiative are technically compatible and are not duplicative. It is scheduled for completion by October 15, 1998.



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## **Appendix I - Significant Audits from Prior Reports**

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### **Stock Program Management Information System**

*Period First Reported: October 1, 1995 to March 31, 1996*

The review identified opportunities for improvement in the accuracy and reliability of information provided to program managers. The report contained four recommendations; two have been implemented.

One recommendation involves improving the accuracy and reliability of computerized lead time projections and is scheduled for completion by April 15, 1999. The other recommendation requires the continued development of an information system and is scheduled for completion by October 15, 1998.

### **Aircraft Management**

*Period First Reported: October 1, 1995 to March 31, 1996*

The review identified opportunities for improvement in the GSA program for assisting civilian agencies with the management and cost-effectiveness of their aircraft operations. The report contained five recommendations; four have been implemented.

The remaining recommendation concerns the identification of aircraft data necessary for making informed decisions and is scheduled for completion by October 15, 1999.

## Appendix II - Audit Report Register

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

*(Note: Because some audits pertain to contracting award or actions which have not yet been completed, the financial recommendations to these reports are not listed in this Appendix.)*

### **PBS Management Consulting Reviews**

05/29/98	A80619	Management Consulting Review: Federal Protective Service Control Costs in Regions 1, 2, 4, 10, and NCR		
08/11/98	A80634	Management Consulting Review: Federal Protective Service Control Center Costs in Regions 3, 5, 6, 7, 8, and 9		

### **FSS Management Consulting Reviews**

04/02/98	A81210	Management Assistance Review of the Region 4 Federal Supply Service's Shipment Confirmations		
04/21/98	A81803	Consulting Report: Review of Controls of Fleet Services Card Contractor		
07/20/98	A82122	Management Assistance Review of Excess Property Program Documentation System		
07/23/98	A82125	Management Assistance Review on Identification of a Potential Market for Stock Sale Items		
09/30/98	A83047	Management Consulting Review of Procurement Activities, Federal Supply Service, Office of the Controller		

### **Other Management Consulting Reviews**

09/30/98	A80328	Management Consulting Review: Accuracy of the Congressional Inventory System, New England Region		
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### **PBS Internal Audits**

05/12/98	A80610	Audit of Elevator Maintenance Contracts in Region 2		
06/29/98	A80637	Report on Security Upgrade Countermeasures in Region 9		
07/08/98	A73307	Audit of the Public Buildings Service's New Rent Pricing Strategy		

## *Appendix II - Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
08/20/98	A82426	Audit of Procurements in the Seattle, Washington Customer Service Center		
09/09/98	A80304	Management Control Review: Public Buildings Service, Operations and Maintenance Contracts, New England Region		
09/14/98	A70642	Audit of The Federal Protective Service's Program for Upgrading Security at Federal Facilities		
09/14/98	A81520	Audit of the Public Buildings Service Field Office in Columbus, Ohio		\$26,219
09/24/98	A82435	Management Control Review of Phoenix Property Management Center's Procurement Program, Pacific Rim Region		
09/24/98	A83308	GSA's Integration of the Pennsylvania Avenue Development Corporation		
09/25/98	A81502	Advisory Review of Performance-Based Service Contracting Practices		
09/30/98	A82413	Management Control Review of Pricing Negotiated Leasing Procurements, Public Buildings Service		

### ***PBS Contract Audits***

04/08/98	A83035	Limited Scope Preaward Audit of Change Order Proposal: Landis & Staefa, Inc., Contract Number GS-11P95MKC0028
04/13/98	A80621	Preaward Audit of a Claim: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
04/20/98	A81528	Audit of Real Estate Tax Adjustments: American National Bank, Trustee, Lease Number GS-05B-15448, Calendar Years 1994 Through 1996
04/23/98	A81818	Audit of Proposed Overhead Rate: Acme Omaha Sprinkler Company, Subcontractor to The Clark Construction Group, Inc., Contract Number GS06P96-GZC0508

## Appendix II - Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
04/27/98	A82423	Preaward Audit of a Claim for Increased Costs: Hoffman Construction Company of Oregon, Contract Number GS-10P-94-LTC-0041		
05/05/98	A83024	Preaward Audit of Change Order Proposal: William V. Walsh Corporation, Inc., Contract Number GS-11P96-MKC-0027		
05/05/98	A83025	Preaward Audit of Change Order Proposal: William V. Walsh Corporation, Inc., Contract Number GS-11P96MKC-0027		
05/28/98	A82443	Limited Scope Audit of Cost or Pricing Data: Body Kinetic, Inc., Contract Number GS-09P-95-WCC-0050		
06/08/98	A80618	Postaward Audit of Recoverable Costs: Six World Trade Center, New York, NY, Lease Number GS-02B-15370		\$127,531
06/17/98	A82441	Preaward Audit of a Claim for Increased Costs: Morse Diesel International, Inc., Contract Number GS-09P-95-KTC-0010		
06/17/98	A83043	Preaward Audit of Architect and Engineering Services Contract: JVP Engineers, P.C., Solicitation Number GS11P98EGD0068		
06/18/98	A80630	Preaward Audit of a Termination Claim: Sunlight Electrical Contracting Corp., Subcontractor to Trataros Construction, Inc., Contract Number GS-02P-97-DTC-0202		
06/24/98	A81535	Audit of Real Estate Tax Adjustments: Riggs National Bank of Washington, DC, Trustee for Multi Employer Property Trust (MEPT), Lease Number GS-05B-14919, Calendar Years 1992 Through 1997		
06/29/98	A80632	Preaward Audit of a Change Order Proposal: Ava Shypula Consulting, Inc., Contract Number GS-02P-92-CUC-0028		
06/30/98	A80623	Postaward Audit of Cafeteria Food Services Contract: Acorn Food Services, Inc., Contract Number GS-02P-94-CTC-0084		

## Appendix II - Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
07/13/98	A80317	Postaward Audit of Change Order Costs: Harrington Bros. Corp., Contract Number GS02P94CUC0039(N)		\$5,159
07/16/98	A81219	Preaward Audit of Small Business Administration 8(A) Pricing Proposal: Smith Real Estate Services, Inc./Urban Services Group, Inc., Joint Venture, Solicitation Number GS-04P-98-RBC-0035		
07/21/98	A80318	Postaward Audit of Change Order Costs: Gwynn Systems Inc., Contract Number GS02P94CUC0039(N)		
07/22/98	A80320	Postaward Audit of Change Order Costs: M. J. Flaherty Company, Contract Number GS02P94CUC0039(N)		
07/23/98	A80921	Audit of a Claim: Star Electric Company, Incorporated, Contract Number GS-03P-96-DXC-0021		
07/24/98	A82415	Preaward Audit of a Claim for Increased Costs: Western Tile and Marble Contractors, Inc., Subcontractor to Hoffman Construction Company of Oregon, Contract Number GS-10P-94-LTC-0041		
08/10/98	A83045	Preaward Audit of Architect and Engineering Services Contract: Klinker & Associates, Inc., Solicitation Number GS11P98EGD0003		
08/12/98	A82451	Preaward Audit of a Claim for Increased Costs: Thermal Management, Inc., Contract Number GS05P95-GBC0004		
08/12/98	A82452	Audit of Termination Settlement Proposal: Thermal Management, Inc., Contract Number GS05P95GBC-0004		
08/13/98	A83046	Preaward Audit of Architect and Engineering Services Contract: EBL Fire Engineering, Solicitation Number GS-11P98EGD0003		
08/19/98	A81539	Preaward Audit of Architect and Engineering Services Contract: FEH Associates, Inc., Solicitation Number GS06P98GYD0018		
08/31/98	A81833	Preaward Audit of Cost or Pricing Data: The Benham Group, Inc., Solicitation Number GS06P98GYD0018		

## *Appendix II - Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
09/11/98	A83054	Preaward Audit of Architect and Engineering Services Contract: EBL Fire Engineering, Inc., Solicitation Number GS-11P98EGD0004		
09/17/98	A81834	Preaward Audit of Cost or Pricing Data: Rafael Architects, Inc., Solicitation Number GS06P98-GYD0018		
09/23/98	A81837	Preaward Audit of Cost or Pricing Data: Leo A. Daly Company, Solicitation Number GS06P98GYD0018		
09/24/98	A82456	Audit of Termination Settlement Proposal: Witherington Construction Corporation, Contract Number GS-07P-95-HUC-0068		

### ***FSS Internal Audits***

04/24/98	A71851	Review of Federal Supply Service Vendors' Complaints of Inequitable Treatment		
06/23/98	A70924	Audit of Industrial Funding Fee, Federal Supply Service, Travel Management Center Program		
08/05/98	A71214	Wholesale Distribution Center and National Customer Service Center Adjustments		
08/14/98	A81824	Review of Fleet Services Card Contractor's Reporting of Fuel Tax Exemption Amounts		
08/31/98	A83307	Audit of the FSS's Efforts to Place Multiple Award Schedule Items on GSA Advantage		
09/15/98	A81529	Audit of Management of the Federal Supply Service Donation Program in the Great Lakes Region		

### ***FSS Contract Audits***

04/03/98	A82433	Price Adjustments on Multiple Award Schedule Contract: Network Computing Devices, Inc., Contract Number GS-35F-4539G for the Interim Period April 1, 1998 Through March 31, 1999		
04/07/98	A82436	Postaward Survey of Multiple Award Schedule Contract: Advanced Logic Research, Inc., Contract Number GS-35F-3006B for the Interim Period July 1, 1997 Through December 31, 1997		

## Appendix II - Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
04/08/98	A82414	Postaward Survey of Multiple Award Schedule Contract: Dolch Computer Systems, Contract Number GS-35F-4082D for the Interim Period September 1, 1997 Through March 31, 1998		
04/08/98	A82432	Limited Scope Postaward Audit of Government Billings: Dolch Computer Systems, Contract Number GS-35F-4082D		\$2,491
04/09/98	A72447	Postaward Audit of Multiple Award Schedule Contract: Tandem Computers, Inc., Contract Number GS00K91-AGS5828		
04/09/98	A72448	Postaward Audit of Multiple Award Schedule Contract: Ungermann-Bass, Inc., Contract Number GS00K94-AGS5367		\$47,384
04/09/98	A82403	Postaward Audit of Multiple Award Schedule Contract: Tandem Computers, Inc., Contract Number GS00K92-AGS5984		
04/09/98	A82404	Postaward Audit of Multiple Award Schedule Contract: Tandem Computers, Inc., Contract Number GS00K93-AGS5617		
04/09/98	A82405	Postaward Audit of Multiple Award Schedule Contract: Tandem Computers, Inc., Contract Number GS00K94AGS5617		
04/09/98	A82406	Postaward Audit of Multiple Award Schedule Contract: Tandem Computers, Inc., Contract Number GS00K95-AGS5617		
04/09/98	A82407	Postaward Audit of Multiple Award Schedule Contract: Tandem Computers, Inc., Contract Number GS-35F-0114D		
04/29/98	A81510	Price Adjustments on Multiple Award Schedule Contract: The Worden Company, Contract Number GS-28F-2067D for the Interim Period May 1, 1998 Through August 31, 2000		
04/30/98	A81516	Postaward Audit of Multiple Award Schedule Contract: Interior Concepts Corporation, Contract Number GS-00F-9016A		

## Appendix II - Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
04/30/98	A81533	Preaward Review of Multiple Award Schedule Contract: Outboard Marine Corporation, Solicitation Number 7FXG-U5-98-1901-B		
05/11/98	A82440	Postaward Survey of Multiple Award Schedule Contract: Continental Flooring Company, Contract Number GS-27F-3037D, for the Interim Period May 1, 1997 Through October 31, 1997		
05/20/98	A82439	Postaward Survey of Multiple Award Schedule Contract: Polywell Computers, Inc., Contract Number GS-35F-4221D for the Interim Period April 1, 1999 Through March 31, 1999		
05/27/98	A42146	Postaward Audit of Multiple Award Schedule Contract: Haworth, Incorporated, Contract Number GS-00F-07010		\$2,943,631
06/19/98	A40940	Postaward Audit of Multiple Award Schedule Contract: Allstate Office Products, Incorporated, Contract Number GS-00F-4530A for the Period April 1, 1991 Through March 31, 1994		\$369,940
06/19/98	A82124	Preaward Review of Multiple Award Schedule Contract: American of Martinsville, Contract Number GS-27F-2001B		
06/19/98	A82126	Preaward Review of Multiple Award Schedule Contract: Thomasville Furniture Industries, Inc., Contract Number GS-27F-2018B		
06/29/98	A80617	Postaward Audit of Multiple Award Schedule Contract: Olympus America, Inc., Contract Numbers GS-24F-1275C and GS-24F-1291C, for the Interim Period March 2, 1995 Through February 28, 1998		\$627,829
06/29/98	A80917	Preaward Audit of Multiple Award Schedule Contract for the Extension Period October 1, 1998 Through September 30, 2001: Sharp Electronics Corporation, Contract Number GS-26F-6132B		
06/29/98	A81822	Postaward Audit of Requirements Contract: Stack-On Products Company, Contract Number GS-06F-78482		



## Appendix II - Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
06/29/98	A82444	Limited Scope Postaward Audit of Government Billings: Continental Flooring Company, Contract Number GS-27F-3037D		\$2,649
06/30/98	A82454	Limited Scope Postaward Audit of Government Billings: Robbins Scientific Corporation, Contract Number GS-24F-1360C		\$12,222
07/01/98	A80911	Preaward Audit of Multiple Award Schedule Contract for the Extension Period October 1, 1998 Through September 30, 2001: Danka Office Imaging Company, Contract Number GS-26F-1018B		
07/01/98	A82437	Postaward Audit of Multiple Award Schedule Contract: Robbins Scientific Corporation, Contract Number GS-24F-1360C		\$2,935
07/02/98	A81526	Postaward Audit of Overbillings, Multiple Award Schedule Contract: The Worden Company, Contract Number GS-28F-2067D for the Interim Period March 7, 1996 Through December 16, 1997		\$66,175
07/08/98	A82129	Preaward Review of Multiple Award Schedule Contract: Spacesaver Corporation, Contract Number GS-28F-1003C		
07/09/98	A40935	Postaward Audit of Multiple Award Schedule Contract: Allstate Office Products, Incorporated, Contract Number GS-25F-4087B for the Period April 1, 1994 Through April 14, 1995		\$43,508
07/09/98	A82128	Preaward Review of Multiple Award Schedule Contracts: Design Contempo, Inc., Contract Numbers GS-27F-2028B and GS-27F-2029B		
07/16/98	A80914	Preaward Audit of Multiple Award Schedule Contract for the Extension Period October 1, 1998 Through September 30, 2001: Savin Corporation, Contract Number GS-26F-1009B		
07/17/98	A60934	Postaward Audit of Multiple Award Schedule Contract: Interface Flooring Systems, Inc., Contract Number GS-00F-0002A for the Interim Period October 8, 1992 Through February 28, 1997		\$1,249,896

## Appendix II - Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
07/20/98	A80912	Preaward Audit of Multiple Award Schedule Contract for the Extension Period October 1, 1998 Through September 30, 2001: Canon U.S.A., Inc., Contract Number GS-26F-1016B		
07/20/98	A82127	Preaward Review of Multiple Award Schedule Contract: White Systems, Inc., Contract Number GS-28F-1043C		
07/24/98	A82135	Preaward Review of Multiple Award Schedule Contract: Kardex Systems, Inc., Contract Number GS-28F-1004C		
07/29/98	A80913	Preaward Audit of Multiple Award Schedule Contract for the Extension Period October 1, 1998 Through September 30, 2001: Konica Business Technologies, Inc., Contract Number GS-26F-1025B		
07/31/98	A80910	Preaward Audit of Multiple Award Schedule Contract for the Extension Period October 1, 1998 Through September 30, 2001: Xerox Corporation, Contract Number GS-26F-1001B		
07/31/98	A80919	Preaward Audit of Multiple Award Schedule Contract for the Extension Period October 1, 1998 Through September 30, 2001: Mita Copystar America, Inc., Contract Number GS-26F-1006B		
08/03/98	A80916	Preaward Audit of Multiple Award Schedule Contract for the Extension Period October 1, 1998 Through September 30, 2001: Oce Office Systems, Contract Number GS-26F-1005B		
08/06/98	A80923	Preaward Audit of Multiple Award Schedule Contract: SeaArk Marine, Inc., Solicitation Number 7FXG-U5-98-1901-B		
08/07/98	A10830	Postaward Audit of Multiple Award Schedule Contract: Shaw-Walker Company, Contract Number GS-00F-76677		\$1,277,189
08/07/98	A21578	Postaward Audit of Multiple Award Schedule Contract: Shaw-Walker Company, Contract Number GS-00F-94175		\$866,845

## Appendix II - Audit Report Register

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
08/10/98	A81220	Preaward Audit of Multiple Award Schedule Contract: Mercury Marine, Division of Brunswick Corporation, Solicitation Number 7FXG-U5-98-1901-B		
08/12/98	A80918	Preaward Audit of Multiple Award Schedule Contract for the Extension Period October 1, 1998 Through September 30, 2001: Ricoh Corporation, Contract Number GS-26F-1015B		
08/19/98	A80915	Preaward Audit of Multiple Award Schedule Contract for the Extension Period October 1, 1998 Through September 30, 2001: ABM, Inc., Contract Number GS-26F-1002B		
08/21/98	A80922	Preaward Audit of Multiple Award Schedule Contract for the Extension Period October 1, 1998 Through September 30, 2001: Minolta Corporation, Contract Number GS-26F-1003B		
09/01/98	A22520	Postaward Audit of Multiple Award Schedule Contract: FileNet Corporation, Contract Number GS-00F-06355		\$597,602
09/01/98	A82136	Preaward Audit of Multiple Award Schedule Contract: Oracle Corporation, Solicitation Number FCI-96-DL0001B		
09/02/98	A81224	Preaward Audit of Multiple Award Schedule Contract: Boston Whaler, Incorporated, Solicitation Number 7FXG-U5-98-1901-B		
09/02/98	A82133	Preaward Review of Multiple Award Schedule Contract: Silicon Graphics, Inc., Contract Number GS-35F-4947H		
09/04/98	A90302	Postaward Audit of Multiple Award Schedule Contract: Westinghouse Furniture Systems, Contract Number GS-00F-76574		\$4,292,893
09/15/98	A80924	Preaward Audit of Multiple Award Schedule Contract for the Extension Period April 1, 1999 Through March 31, 2002: GE Capital Information Technology Solutions, Federal Systems, Inc., Contract Number GS-35F-3013D		

## *Appendix II - Audit Report Register*

Date of Report	Audit Number	Title	Financial Recommendations	
			Funds to Be Put To Better Use	Questioned (Unsupported) Costs
09/22/98	A80931	Preaward Review of Multiple Award Schedule Contract For The Extension Period April 1, 1999 Through March 31, 2004: Computer Associates International, Inc., Contract Number GS-35F-5169H		
09/22/98	A80933	Preaward Review of Multiple Award Schedule Contract For The Extension Period April 1, 1999 Through March 3, 2002: Logicon, Inc., Contract Number GS-35F-4506G		
09/23/98	A51544	Postaward Audit of Multiple Award Schedule Contract: Haworth, Inc., Contract Number GS-00F-0826F		\$492,564
09/24/98	A42417	Limited Scope Postaward Audit of Multiple Award Schedule Contract: Zero Stantron, Division of Zero Corporation, Contract Number GS-07F-3803A		
09/24/98	A42561	Limited Scope Postaward Audit of Freight Overcharges on Government Billings: Zero Stantron, Division of Zero Corporation, Contract Number GS-07F-3803A		\$17,523
09/24/98	A80934	Preaward Audit of Multiple Award Schedule Contract: Simple Green, a Division of Sunshine Makers, Inc., Solicitation Number TFTP-97-SC-7906B		
09/28/98	A82143	Preaward Audit of Multiple Award Schedule Contract for The Extension Period April 1, 1999 Through March 31, 2002: Advanced Technology Systems, Inc., Contract Number GS-35F-4704G		
09/29/98	A82121	Interim Postaward Audit of Multiple Award Schedule Contract: Clark Material Handling Company, Contract Numbers GS-07F-5850A and GS-07F-89940		\$65,316

### **Other Internal Audits**

05/21/98	A70933	Audit of the Work-at-Home Program in the Mid-Atlantic Region
06/29/98	A82106	Audit of Human Resources and Program Support Divisions's Promotion Procedures in Region 7

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## *Appendix II - Audit Report Register*

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<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>	<b>Financial Recommendations</b>	
			<b>Funds to Be Put To Better Use</b>	<b>Questioned (Unsupported) Costs</b>
06/29/98	A83302	Advisory Report: Useful GPRA Practices for GSA		
06/30/98	A82107	Review of Controls Over Use of Purchase Cards in Region 7 Print Plants		
09/24/98	A83602	GSA's Information Systems Security Has Not Kept Pace With Increasing Internet and Intranet Risks		
09/28/98	A83021	Audit of Controls Over GSA's Audit Follow-up Process		
09/29/98	A82410	Management Control Review of Conference Site Selections		
09/30/98	A72705	Arthur Andersen LLP, Fiscal Year 1997 Comments and Suggestions for Consideration (Management Letter)		

### ***Non-GSA Contract Audits***

06/12/98	A82447	Preaward Audit of Cost or Pricing Data: Shell Oil Company		
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## Appendix III - Audit Reports over 12 Months Old with Final Action Pending

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Pursuant to Section 810, Prompt Resolution of Audit Recommendations, of the National Defense Authorization Act, (Public Law 104-106), this appendix identifies those audit reports where final actions remain open 12 months after the

report issuance date. The GSA Office the Chief Financial Officer, Office of the Controller, furnished the following information.

### *Audits with Management Decisions Made after February 10, 1996 for Which No Final Action Has Been Completed*

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
<b>Contract Audits</b>		
03/01/96	A60327	Report on Audit of Subcontractor's Claim for Increased Costs: Kendland Company Inc., Contract Number GS01P93BZC0003
03/18/96	A60318	Report on Audit of Claim for Increased Costs: Maron Construction Co., Inc., Contract Number GS01P93BZC0003
04/10/96	A31549	Postaward Audit of Multiple Award Schedule Contract: GF Office Furniture, Ltd., Contract Number GS-00F-07017 for the Period December 27, 1988 Through September 30, 1991
05/17/96	A41843	Postaward Audit of Multiple Award Schedule Contract: Memorex Computer Supplies, Contract Number GS-02F-6109A for the Period May 8, 1992 Through March 31, 1994
05/29/96	A10542	Postaward Audit of Multiple Award Schedule Contract: Sunshine Chemical Specialties, Inc., Contract Number GS-00F-87668
07/12/96	A62496	Preaward Audit of Lease Escalation Proposal: One Waterfront Plaza Partners, Lease Number GS-09B-89551
08/13/96	A51851	Postaward Audit of Multiple Award Schedule Contract: Tiffany Office Furniture, Contract Number GS-00F-5057A for the Interim Period April 15, 1991 Through April 12, 1995
08/15/96	A51827	Postaward Audit of Multiple Award Schedule Contract: Sybase, Inc., Contract Number GS00K92AGS5576 for the Period September 9, 1992 Through September 30, 1993
08/21/96	A61544	Preaward Audit of a Claim: D. L. Woods Construction, Inc., Contract Number GS05P91GBC0057
09/20/96	A61534	Preaward Audit of a Claim: Marino Construction Company, Contract Number GS05P90GBC0101
10/15/96	A63647	Preaward Audit of Change Order Proposal: Mahogany, Inc., a Subcontractor of Turner Construction Company, Contract Number GS-11P91AQC0060
10/17/96	A53617	Postaward Audit of Multiple Award Schedule Contract: Cantwell-Cleary Co., Inc., Contract Number GS-02F-6071A for the Interim Period March 31, 1992 Through October 31, 1994
10/24/96	A63649	Preaward Audit of Architect and Engineering Services Contract: Alphatec, P.C., Solicitation Number GS11P96EGD0001

## ***Appendix III - Audit Reports over 12 Months Old with Final Action Pending***

<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
11/01/96	A21882	Postaward Audit of Multiple Award Schedule Contract: Hamilton Sorter Company, Inc., Contract Number GS-00F-07065 for the Period November 14, 1988 Through September 30, 1991
11/01/96	A31851	Postaward Audit of Multiple Award Schedule Contract: Hamilton Sorter Company, Inc., Contract Number GS-00F-02598 for the Period August 26, 1988 Through March 31, 1991
11/01/96	A31865	Postaward Audit of Multiple Award Schedule Contract: Hamilton Sorter Company, Inc., Contract Number GS-00F-02046 for the Period December 4, 1987 Through September 30, 1990
12/17/96	A63646	Preaward Audit of Termination Claim: W.M. Schlosser Co., Inc., Contract Number GS11P95AQC0002
01/10/97	A52159	Postaward Audit of Multiple Award Schedule Contract: Austin Computer Systems, Inc., Contract Number GS-00K-91-AGS-5201
01/24/97	A72431	Audit of Real Estate Tax Adjustments: Pacific Corporate Towers, LLC, Lease Number GS-09B-85185, Calendar Years 1987 Through 1995
02/06/97	A70622	Preaward Audit of Change Order Proposal: Turner Construction Company, Contract Number GS-02P-95-DTC-0014
03/17/97	A72433	Audit of Real Estate Tax Adjustments: L.A. World Trade Center Partnership and Royal Investment System Partnerships, Lease Number GS-09B-85563, Calendar Years 1989 Through 1996
03/17/97	A72451	Limited Scope Preaward Audit of Proposed Overhead Rate: ET LaFORE, Inc., Contract Number GS-08P-96-JBC-0001
03/18/97	A70621	Preaward Audit of a Delay Claim: The Haskell Company, Contract Number GS-04B-31363
03/21/97	A70632	Preaward Audit of Change Order Proposal: Expert Electric, Inc., Contract Number GS-02P-94-CUC-0033(N)
03/24/97	A72434	Audit of Real Estate Tax Adjustments: WRC Properties, Inc., Lease Number GS-09B-88163, Calendar Years 1990 Through 1996
03/24/97	A72435	Audit of Real Estate Tax Adjustments: WRC Properties, Inc., Lease Number GS-09B-91634, Calendar Years 1993 Through 1996
03/25/97	A70306	Preaward Audit of Architect and Engineering Services Contract: R.G. Vanderweil Engineers, Inc., Solicitation Number GS-01P-95-BZC-0047
03/26/97	A72429	Preaward Audit of a Claim for Increased Costs: Columbia Fabricating Company, Inc., Subcontractor to The George Hyman Construction Company, Contract Number GS-09P-93-KTC-0034
04/03/97	A72450	Preaward Audit of a Claim for Increased Costs: Azteca Construction, Inc., Subcontractor to Morse Diesel International, Inc., Contract Number GS-09P-95-KTC-0032

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## Appendix III - Audit Reports over 12 Months Old with Final Action Pending

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Date of Report	Audit Number	Title
04/04/97	A72437	Audit of Real Estate Tax Adjustments: WRC Properties, Inc., Lease Number GS-09B-91267, Calendar Years 1993 Through 1995
04/04/97	A72436	Audit of Real Estate Tax Adjustments: WRC Properties, Inc., Lease Number GS-09B-90017, Calendar Years 1991 Through 1995
04/10/97	A70636	Preaward Audit of a Delay Claim: B&W Mechanical Contractors, Inc., and Regency Electric Company, Inc., Subcontractors to the Haskell Company, Contract Number GS-04B-31363
04/18/97	A70628	Postaward Audit of Multiple Award Schedule Contractor: Clayton Associates, Inc., Contract Number GS-07F-8188B, for the Interim Period June 1, 1994 Through January 31, 1997
04/24/97	A71212	Preaward Audit of Cost and Pricing Proposal: The Logistics Company, Inc., Task Order Request GSC-TFGE-97-2002
06/06/97	A73619	Preaward Audit of Cost or Pricing Data: Symbiont, Inc., RFP Number GSC-TFGD-97-1010
06/06/97	A72466	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: Brayton & Hughes Design Studio, Solicitation Number GS-09P-95-KTC-0029
06/11/97	A61827	Postaward Audit of Multiple Award Schedule Contract: Alexander Manufacturing Company, Contract Number GS-07F-3956A for the Period February 1, 1992 Through October 31, 1995
06/16/97	A70927	Preaward Audit of Cost or Pricing Data: JIL Information Systems, Inc., Proposal No. GSC-TFGD-97-1012
06/17/97	A72464	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: Moore Ruble Yudell, Solicitation Number GS-09P-95-KTC-0029
06/17/97	A72470	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: Frederick Brown Associates, Solicitation Number GS-09P-95-KTC-0029
06/24/97	A70928	Preaward Audit of Cost or Pricing Data: Criticom, Inc., Solicitation No. GSC-TFGD-97-1014
06/25/97	A72445	Preaward Audit of a Claim for Increased Costs: Morse Diesel International, Inc., Contract Number GS-09P-95-KTC-0032
06/26/97	A72471	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: Tsuchiyama & Kaino, Inc., Solicitation Number GS-09P-95-KTC-0029
06/26/97	A72465	Preaward Audit of a Claim for Increased Costs: Lawson Mechanical Contractors, Subcontractor to Morse Diesel International, Inc., Contract Number GS-09P-95-KTC-0032
06/27/97	A71811	Audit of Claim for Increased Costs, Miscellaneous Subcontractors to: Morse Diesel International, Inc., Contract Number GS06P94GYC0037



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## ***Appendix III - Audit Reports over 12 Months Old with Final Action Pending***

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<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
07/11/97	A71533	Preaward Audit of Claim for Increased Costs: M.A. Mortenson Company, Contract Number GS-05P-93-GBC-0022
07/11/97	A71803	Audit of Claim for Increased Costs: Nicholson Construction Company, Contract Number GS06P94GYC0037
07/22/97	A71804	Audit of Claim for Increased Costs: Rodio/ICOS St. Louis Joint Venture, Subcontractor to Morse Diesel International, Inc., Contract Number GS06P94GYC0037
07/28/97	A70307	Limited Scope Postaward Audit of Multiple Award Schedule Contract: Edward Ochman Systems, Contract Number GS-00F-5350A
07/29/97	A71838	Preaward Audit of Cost or Pricing Data: Boese Electric, Inc., Contract Number GS06P94GYC0076(N)
07/29/97	A61849	Postaward Audit of Multiple Award Schedule Contract: Hytorc, Division of Unex Corporation, Contract Number GS-06F-77977 for the Period November 1, 1989 Through October 31, 1994
07/30/97	A70644	Preaward Audit of Cost or Pricing Data: Cole Consulting Corp., Subcontractor to Lehrer McGovern Bovis, Inc., Contract Number GS-02P-92-CUC-0028(N)
07/30/97	A71819	Postaward Audit of Commercial Acquisition of Multiple Products Contract: Hytorc of Virginia, Inc., Contract Number GS-06F-78361 for the Period November 1, 1994 Through December 18, 1996
07/31/97	A71820	Audit of Claim for Increased Costs: Morse Diesel International, Inc., Contract Number GS06P94GYC0037
07/31/97	A72467	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: Peterson Construction Company, Inc., Contract Number GS-08P-96-JFC-0004
08/05/97	A73617	Refund From The Committee For Purchase From People Who Are Blind Or Severely Disabled, Agreement Number GS-02F-61511
08/07/97	A71846	Preaward Audit of Cost or Pricing Data: Boese Electric, Inc., Contract Number GS06P94GYC0076(N)
08/14/97	A73022	Preaward Audit of Change Order Proposal: Turner Construction Company, Subcontractor to BPT Metroview Assocs., L.P., Contract Number GS-11P91AQC0060
08/19/97	A71844	Preaward Audit of Cost or Pricing Data: Eliason & Knuth of Kansas City, Inc., Contract Number GS06P94GYC0076(N)
08/22/97	A70646	Preaward Audit of a Delay Claim: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
08/28/97	A72463	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: Gruen Associates, Solicitation Number GS-09P-95-KTC-0029

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## *Appendix III - Audit Reports over 12 Months Old with Final Action Pending*

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<b>Date of Report</b>	<b>Audit Number</b>	<b>Title</b>
08/29/97	A70645	Preaward Audit of Cost or Pricing Data: Lehrer McGovern Bovis, Inc., Contract Number GS-02P-92-CUC-0028(N)
09/17/97	A73025	Preaward Audit of Sole Source Contract: Gilford Technology Corporation, Contract Number GS-11P97MKC0037
09/18/97	A72489	Limited Scope Preaward Audit of Proposed Overhead and Direct Labor Rates: Store, Matakovich & Wolfberg, Solicitation Number GS-09P-96-KTD-0011
09/22/97	A70649	Preaward Audit of a Delay Claim: Consolidated Electric, Inc., Subcontractor to Beacon/Procon, Joint Venture, Contract Number GS-02P-94-CUC-0070(N)
09/24/97	A71526	Price Adjustments on Multiple Award Schedule Contract: Domore Corporation, Contract Number GS-00F-5232A for the Interim Period December 1, 1997 Through January 31, 2001
09/29/97	A71543	Preaward Audit of Multiple Award Schedule Contract: Advance Machine Company, Solicitation Number 7FXG-Z3-93-7927-B

## **Appendix III - Audit Reports over 12 Months Old with Final Action Pending**

<b>Date of Report</b>	<b>Audit Number</b>		<b>Projected Final Action Date</b>
<b>Internal Audits</b>			
03/25/96	A53321	FSS' Stock Program Management Information Systems Need to be Improved to Provide More Accurate and Reliable Information	04/15/99
03/27/96	A43005	Audit of GSA's Aircraft Management Program	01/15/99
03/27/96	A62424	Audit of Criminal History Background Checks for Child Care Center Employees	10/15/98
08/27/96	A62448	Audit of Background Checks on Contractor Personnel	10/15/98
09/30/96	A61835	Audit of Implementation of PBS's Information Systems Strategy	10/15/98
12/02/96	A63019	Audit of the PAPCAP Price Adjustments	10/15/98
01/13/97	A62503	Audit of Procurement Actions, Central California Field Office, Pacific Rim Region	01/15/99
02/04/97	A61537	Audit of Postaward Lease Administration: U.S. Bankruptcy Court, Columbus, Ohio, Lease Number GS-05B-15610	12/15/98
03/11/97	A60936	Audit of the General Services Administration's Regional Telecommuting Center Initiatives	11/15/98
03/26/97	A61247	Review of the Public Buildings Service Debarment Program	01/15/99
03/28/97	A71503	Review of GSA's Affirmative Procurement Program	01/15/99
06/10/97	A62709	Arthur Andersen LLP, Fiscal Year 1996 Management Letter Comments and Suggestions for Consideration	01/15/99
07/11/97	A60645	Audit of the Federal Protective Service's Criminal Investigation Program	12/15/98
09/17/97	A62504	Audit of Lease Tax Rate Adjustments in California, Pacific Rim Region	12/15/98
09/24/97	A71502	Audit of Federal Acquisition Services for Technology Program	10/15/98
09/25/97	A73302	Inventories Can Be Reduced by Using More Accurate and Reliable Data on Economic Order Quantities and Safety Stock	03/15/99
09/26/97	A70627	Audit of Real Estate Tax and Janitorial Service Contract Payments	11/15/98

## Appendix IV - Delinquent Debts

The GSA Office of the Chief Financial Officer provided the following information.

### **GSA Efforts to Improve Debt Collection**

During the period April 1, 1998 through September 30, 1998, GSA efforts to improve debt collection and reduce the amount of debt written off as uncollectible focused on upgrading the collection function and enhancing debt management. These activities included the following:

- In compliance with the Debt Collection Improvement Act of 1996, the GSA Heartland Region transmits delinquent claims, each month, to the U.S. Department of the Treasury (Treasury) Financial Management Service (FMS) for collection cross-servicing. From April 1 to September 30, 1998, the region sent 46 delinquent non-Federal claims totaling \$75,541.24 to FMS and received payments totaling \$365,733.18 for 414 non-Federal claims forwarded to FMS since April 1, 1997.
- The GSA Heartland Region continues to collect non-Federal claims using pre-authorized debits (PAD). From April 1 to September 30, 1998 the region used four PAD's to collect \$1,425.00. We have continued to refer delinquent non-Federal debts to Treasury for cross-servicing collection activities, as provided under the Debt Collection Improvement Act of 1996.

- The Southwest Finance Center has taken aggressive and timely action to identify and effect administrative offsets of \$149,073 in this period. Two uncollectible debts totaling \$56,648 were written off during this period.

Other significant activities in this time period include:

- The Financial Information Control Division works with any debtor with a financial hardship by accepting a Promissory Note for installment payments, if applicable. This saves GSA, Treasury, and the Department of Justice both money and time from pursuing an account that cannot or would not otherwise be paid.
- Quarterly reports are submitted to the contracting offices listing all disputed claims and delinquent outlease and concession accounts.
- Quarterly follow-up with the Office of the Chief Financial Officer, Office of the Controller are performed for audit-related items.
- Services and Staff Offices are provided assistance on the correct procedures for processing claims and collections.
- Representatives are sent to testify or negotiate in the judicial process as necessary.

### **Non-Federal Accounts Receivable**

	As of April 1, 1998	As of September 30, 1998	Difference
Total Amounts Due GSA	\$23,992,730	\$24,221,013	\$228,283
Amount Delinquent	\$16,104,809	\$12,375,303	(\$3,729,506)
Total Amount Written Off as Uncollectible Between 4/1/98 and 9/30/98	\$183,381		

## Appendix V - 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 and the National Defense Authorization Act is also cross-referenced to the appropriate page of the report.

Requirement	Page
<b>Inspector General Act</b>	
Section 4(a)(2) - Review of Legislation and Regulations .....	.25
Section 5(a)(1) - Significant Problems, Abuses, and Deficiencies. ....	.2,15
Section 5(a)(2) - Recommendations With Respect to Significant Problems, Abuses, and Deficiencies .....	.2,15
Section 5(a)(3) - Prior Recommendations Not Yet Implemented .....	.35
Section 5(a)(4) - Matters Referred to Prosecutive Authorities. ....	.30
Sections 5(a)(5) and 6(b)(2) - Summary of Instances Where Information Was Refused. ....	.None
Section 5(a)(6) - List of Audit Reports. ....	.38
Section 5(a)(7) - Summary of Each Particularly Significant Report. ....	.2,15
Section 5(a)(8) - Statistical Tables on Management Decisions on Questioned Costs .....	.29
Section 5(a)(9) - Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use .....	.28
Section 5(a)(10) - Summary of Each Audit Report Over 6 Months Old for Which No Management Decision Has Been Made .....	.None
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
<b>Senate Report No. 96-829</b>	
Resolution of Audits .....	.27
Delinquent Debts .....	.56
<b>National Defense Authorization Act</b> .....	.50

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## *Notes*

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