

**Fiscal Year 2025 Budget Request**

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### **Appropriations Language**

For necessary expenses of the Office of Inspector General and services as authorized by 5 U.S.C. 3109, \$77,130,000: *Provided*, That not to exceed \$50,000 shall be available for payment for information and detection of fraud against the Government, including payment for recovery of stolen Government property: *Provided further*, That not to exceed \$2,500 shall be available for awards to employees of other Federal agencies and private citizens in recognition of efforts and initiatives resulting in enhanced Office of Inspector General effectiveness.

### **Program Description**

This appropriation provides agency-wide audit, investigative, and inspection functions to identify and correct management and administrative deficiencies within the General Services Administration (GSA), including conditions for existing or potential instances of fraud, waste, and mismanagement. The audit function provides internal audit and contract audit services. Contract audits provide professional advice to GSA contracting officials on accounting and financial matters relative to the negotiation, award, administration, repricing, and settlement of contracts. Internal audits review and evaluate all facets of GSA operations and programs, test internal control systems, and develop information to improve operating efficiencies and enhance customer services. The investigative function provides for the detection and investigation of improper and illegal activities involving GSA programs, personnel, and operations. The inspection function supplements traditional audits and investigations by providing systematic and independent assessments of the design, implementation, and/or results of GSA's operations, programs, or policies.

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**5-Year Appropriation History Table**

	<b>FY 2021 Enacted</b>	<b>FY 2022 Enacted</b>	<b>FY 2023 Enacted</b>	<b>FY 2024 Full Year CR</b>	<b>FY 2025 Request</b>
<b>Request to Congress:</b>	<b>\$69,000,000</b>	<b>\$69,000,000</b>	<b>\$74,583,000</b>	<b>\$74,583,000</b>	<b>\$77,130,000</b>
Appropriated:					
Annual Funds	\$67,000,000	\$69,000,000	\$74,583,000		
Rescissions					
Sequestration					
No-Year Funds					
Rescissions					
<b>Total.....</b>	<b>\$67,000,000</b>	<b>\$69,000,000</b>	<b>\$74,583,000</b>		

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**Amounts Available for Obligation**

(Dollars in Thousands)

	FY 2023 Actual	FY 2024 Full Year CR	FY 2025 Request
Unobligated balance, start of year <sup>1</sup> .....	\$3,517	\$3,517	\$1,517
<i>Discretionary authority:</i>			
Appropriation (annual).....	\$74,583	\$74,583	\$77,130
Appropriation (no-year).....			
<i>Reimbursable authority:</i>			
Offsetting collections.....	\$600	\$600	\$600
<b>Subtotal amount available for obligation</b>	<b>\$78,700</b>	<b>\$78,700</b>	<b>\$79,247</b>
<i>Discretionary authority:</i>			
Unobligated balance, expiring.....	(\$847)	\$0	\$0
Unobligated balance, end of year.....	(\$3,517)	(\$1,517)	\$0
<i>Reimbursable authority:</i>			
Unobligated balance, expiring.....	(\$250)	\$0	\$0
<b>Total obligations</b>	<b>\$74,086</b>	<b>\$77,183</b>	<b>\$79,247</b>
Obligations, appropriated (annual).....	\$73,736	\$74,583	\$77,130
Obligations, appropriated (no-year).....	\$0	\$2,000	\$1,517
Obligations, reimbursable.....	\$350	\$600	\$600
Net outlays, appropriated.....	\$73,233	\$76,235	\$78,425

<sup>1</sup> Unobligated balance reflects no-year funds appropriated in FY 2014 through FY 2016.

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**Explanation of Changes, Appropriated Dollars, and FTE**

(Dollars in Thousands)

	<b>FTE</b>	<b>Budget Authority</b>
2024 Full Year CR	285	\$ 74,583
2025 Request	<u>285</u>	<u>\$ 77,130</u>
Net Change.....	0	\$ 2,547

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	<u>FTE</u>	<u>Budget Authority</u>
<b>Maintaining Current Levels:</b>		
Personnel Compensations & Benefits Adjustments:		
2024 Pay Increase (5.2%), Q1 FY 2025		\$ 786
2025 Pay Increase (2.0%), Q2-Q4 FY 2025		\$ 918
<b>Subtotal, Maintaining Current Levels</b>		<b>\$ 1,704</b>
 <b>Program Increases:</b>		
Travel and Transportation		\$ 100
Rent		\$ 785
Advisory and Assistance Services		\$ 283
Purchases of Goods & Services from Govt Accts		\$ 200
Operation and Maintenance of Equipment		\$ 15
<b>Subtotal, Program Increases</b>	<b>0</b>	<b>\$ 1,383</b>
 <b>Program Decreases:</b>		
Equipment		\$ (540)
<b>Subtotal, Program Decreases</b>	<b>0</b>	<b>\$ (540)</b>
<b>Net Change.....</b>	<b>0</b>	<b>\$ 2,547</b>
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Reimbursable Resources	3	\$ 600

### Summary of Request

The FY 2025 budget requests a total of **\$77,130 thousand** for the Office of Inspector General. This represents a net increase of **\$2,547 thousand** from the FY 2024 full year CR and includes the following adjustments:

- \$786 thousand for 2024 pay increase (5.2%), Q1 FY 2025
- \$918 thousand for 2025 pay increase (2.0%), Q2-Q4 FY 2025
- \$100 thousand for travel and transportation increase
- \$785 thousand for rent increase
- \$283 thousand for advisory and assistance services increase
- \$200 thousand for purchases of goods and services from Government accounts increase
- \$15 thousand for operation and maintenance of equipment increase
- -\$540 thousand equipment *decrease*

**Reimbursable Programs:** The FY 2025 OIG reimbursable request includes **\$600 thousand** for the following reimbursable work: (1) \$350 thousand for the Fleet Card Program; and (2) \$250 thousand for on-going reimbursable work with other agencies and independent commissions.

<b>FY 2025 Annual CIGIE Assessment (0.40% of \$77,130,000)</b>	<b>\$308,520</b>
<b>FY 2025 Annual Training Request: Certified by the Inspector General, (includes training travel)</b>	<b>\$775,000</b>

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**Obligations by Object Classification**

(Dollars in Thousands)

	FY 2023 Enacted	FY 2024 Full Year CR	FY 2025 Request
11.1 Full-time permanent	\$34,732	\$39,615	\$40,732
11.3 Other than full-time permanent	\$169	\$225	\$231
11.5 Other personnel compensation	\$2,763	\$2,984	\$3,068
11.8 Special personal services payments	\$0	\$0	\$0
<b>11.9 Total personnel compensation</b>	<b>\$37,664</b>	<b>\$42,824</b>	<b>\$44,031</b>
12.1 Civilian personnel benefits	\$15,519	\$17,623	\$18,120
21.0 Travel and transportation of persons	\$903	\$1,000	\$1,100
22.0 Transportation of things	\$0	\$0	\$0
23.1 Rental payments to GSA	\$4,648	\$4,300	\$5,085
23.2 Rental payments to others	\$0	\$0	\$0
23.3 Communications, utilities, and miscellaneous charges	\$312	\$325	\$325
24.0 Printing and reproduction	\$3	\$5	\$5
25.1 Advisory and assistance services	\$3,279	\$2,501	\$2,784
25.2 Other services	\$10	\$10	\$10
25.3 Purchases of goods and services from government accounts	\$7,136	\$2,820	\$3,020
25.4 Operation and maintenance of facilities	\$0	\$0	\$0
25.7 Operation and maintenance of equipment	\$1,852	\$2,035	\$2,050
26.0 Supplies and materials	\$64	\$90	\$90
31.0 Equipment	\$2,345	\$1,040	\$500
91.0 Unvouchered	\$1	\$10	\$10
<b>99.0 Subtotal</b>	<b>\$73,736</b>	<b>\$74,583</b>	<b>\$77,130</b>
99.0 Reimbursable obligations	\$350	\$600	\$600
<b>99.9 Total Obligations</b>	<b>\$74,086</b>	<b>\$75,183</b>	<b>\$77,730</b>



## **FY 2025 Request**

For FY 2025, the General Services Administration (GSA) Office of Inspector General (OIG) requests \$77,130 thousand to execute our mission to detect and deter waste, fraud, abuse, and misconduct and to promote economy and efficiency in GSA's multibillion dollar programs and operations.

During Fiscal Year 2023, our audit and investigative work identified more than \$346 million in potential cost savings and recovered more than \$56 million for the federal government. The OIG's success in carrying out its mission is directly tied to having expert auditors, special agents, inspectors, lawyers, and administration personnel on staff. Accordingly, our staff represents the OIG's largest investment and consistently achieves significant savings for the United States, which is mentioned throughout this request.

The requested funding will support our work as we continue to deliver for the American people. Our special agents continue to find and aggressively investigate cases of bribery, kickbacks, and procurement fraud, including those featuring contractors that import foreign-made goods from prohibited countries and fraudulently sell them to the U.S. Government as being American-made or Trade Agreements Act (TAA) compliant.

For example, GSA OIG led a major procurement fraud and corruption investigation involving GSA contracts valued at over \$400 million. Our investigation found that an Air Force employee, Keith Seguin, conspired with several federal contractors in a bribery and contract steering scheme that spanned more than a decade and involved over \$2.3 million in paid bribes. This complex investigation resulted in the convictions of six defendants, nearly \$90 million in monetary recoveries, and criminal sentences totaling over 34 years of combined incarceration.

We also played a significant role in a multi-agency investigation involving electronics that were made in China that resulted in over \$2 million in monetary recoveries and the convictions of a GSA contractor and his company. Suhaib Allababidi, and his company, 2M Solutions Inc. (2M), pleaded guilty to conspiracy to defraud the U.S. Government and filing false or misleading export information. To secure U.S. Government contracts, 2M claimed that its products such as security cameras, solar-powered light towers, digital video recorders, and other electronics were manufactured in the U.S., when in fact they were manufactured in China. Allababidi was sentenced to four years in prison and ordered to pay \$1.15 million in restitution, and 2M was sentenced to five years of probation plus pay a \$1 million fine.

In addition, GSA OIG led a multi-agency investigation that substantiated allegations made by a qui tam relator, and revealed that a GSA contract holder, TriMark USA, LLC, engaged in conduct that resulted in federal agencies improperly awarding government set-aside contracts to three small businesses. The investigation found TriMark identified federal set-aside contract opportunities for the small businesses to bid on, instructed them how to

prepare bids, provided prices, “ghostwrote” emails for those companies to send to government officials to make it appear as though the small businesses were performing work, while affirmatively concealing that TriMark typically performed the work. As a result of this investigation, TriMark agreed to pay \$48.5 million to resolve allegations that its subsidiaries improperly manipulated federal small business set-aside contracts around the country in violation of the False Claims Act. In addition, a former TriMark executive in charge of the company’s government business has agreed to pay an additional \$100,000 as an individual civil penalty for her conduct in connection with the scheme.

Our audit oversight has focused on GSA’s Multiple Award Schedule program (MAS program). In FY 2023, federal agencies purchased over \$45.5 billion of commercial products and services through the MAS program. Under the MAS program, FAS establishes long-term, government-wide contracts. Through these contracts, millions of commercial products and services are made available to government agencies. The intent of the MAS program is to leverage the government’s buying power to obtain competitive, commercial prices for customer agencies. The program is funded through an industrial funding fee that is paid by federal customers and then remitted to GSA by contractors.

Under our oversight of the MAS program, the Office of Audits performs contract audits that assist contracting officials in awarding and administering MAS contracts. To support GSA contracting officials, we perform two primary types of contract audits including preaward audits, that provide GSA contracting officials with information to use when negotiating fair and reasonable GSA contract prices, and postaward audits that examine the contractor’s adherence to contract terms and conditions. In Fiscal Year 2023, our audits identified over \$313 million in cost avoidances and recoveries. The audits found that contractors overcharged GSA customers; overstated their proposed labor rates; submitted proposal that were not accurate, current, or complete; assigned employees who were unqualified for their work on MAS task orders; and did not calculate and submit their Industrial Funding Fee payments correctly.

In addition to our contract audits findings, our audit oversight of the MAS program found that GSA was not protecting its customers from procuring prohibited telecom items that foreign adversaries could use for unauthorized surveillance. Recently, we reported that prohibited telecom items were being offered through GSA’s MAS contracts. During the audit, we found that FAS relies on two primary methods to ensure that MAS contracts do not include these items—contractor self-certifications in GSA’s System for Award Management and the Prohibited Products Robomod (Robomod) process. However, we found that contractors offered the prohibited telecom items on their contracts despite their self-certifications and that the Robomod process is insufficient to prevent contractors from including prohibited telecom items on their MAS contract price lists.

In addition, we found that FAS’s efforts to address prohibited telecom items that it had found on MAS contracts were ineffective. Specifically, FAS:

- Has not taken adequate actions against contractors that repeatedly violate the restrictions on providing or using prohibited telecom items;
- Does not have a process in place to notify customer agencies about their purchases of prohibited telecom items; and
- Did not initially comply with FAR requirements to include subsidiaries and affiliates of named entities in its efforts to identify prohibited telecom items on MAS contracts.

Our security inspection of a high-risk building identified multiple vulnerabilities that compromised the security of a GSA building, as well as the safety and security of its occupants, and exposed the facility, employees, visitors, and customers to unnecessary risks. The building is high risk due to its mission criticality and essential support functions for a myriad of organizations across the federal government. The deficiencies identified included grave problems with the closed-circuit camera surveillance and intrusion detection systems, lax enforcement of physical security requirements and parking restrictions, unsecured restricted areas, a contract employee living in the building unbeknownst to the security guards on duty, prohibited substances on site, suspected on-duty marijuana use by a contract employee, inaccessible hazardous waste cleanup materials, and a faulty occupant emergency plan. As a result of the inspection, GSA immediately began coordinated security enhancements and upgrades with the Federal Protective Service. In addition, GSA has taken quick steps there to conduct a comprehensive operational, infrastructure, fire, and life safety review; reinstate critical safety and security plans; and institute mandatory training on occupant emergency plans.

Our evaluation of GSA's Login.gov services found that GSA knowingly misled customer agencies for years regarding Login.gov's known noncompliance with digital identity standards, and knowingly billed more than \$10 million for services that did not meet National Institute of Standards and Technology (NIST) Special Publication (SP) 800-63-3, Digital Identity Guidelines. Furthermore, our evaluation found that GSA misled the Technology Modernization Board in securing funding of \$187 million for Login.gov. We also found that GSA lacked adequate controls over the Login.gov program and allowed it to operate under a hands-off culture. As a result of our report, GSA agreed with our findings and recommendations in their response to the report and subsequent testimony at the House Oversight and Accountability Committee on March 29, 2023.

Other highlights of the work of our auditors, investigators, and inspectors are described in more detail later in this document.

## **GSA OIG Business Component Justifications**

Our major operational components—the Office of Audits, Office of Investigations, and Office of Inspections—share primary responsibility for overseeing GSA programs and operations. Increasingly, coordinated and joint efforts by the OIG’s components are producing results that lead to program correction, savings, and successful prosecutions, some of which are noted below. While each component’s own activities well justify its cost, we are finding that often the combined efforts of our professional staffs add an important dimension to the OIG’s arsenal against misconduct and inefficiency. The appropriations for the OIG reflect a prudent investment in oversight of GSA activities.

### **Office of Audits**

#### **Program Description**

The Office of Audits is an organization charged with overseeing GSA’s use of taxpayer dollars as GSA administers its programs and operations. The goal of our audits is to support GSA’s primary business lines—acquisition services and real property—while ensuring their integrity, economy, and efficiency. To that end, we balance our audit coverage between contract and internal audits to meet a number of needs and requirements as follows:

- Program audits provide GSA management with independent assessments and input on potential solutions to challenges.
- Information technology and systems audits evaluate whether GSA’s information systems are designed to enable efficient and effective operations, contain adequate systems controls, are properly secured, and meet user requirements.
- Regulatory audits evaluate whether GSA complies with applicable laws and regulations.
- Internal control audits test the controls built into GSA’s programs and systems to determine whether those controls are operating as intended and providing reasonable assurance of achieving effective and efficient operations, reliable financial and performance reporting, and compliance with applicable laws and regulations.
- Contract audits examine selected contractors’ records and develop the financial information necessary for GSA contracting officers to negotiate favorable pricing arrangements on contract awards and administer existing contracts. These engagements include preaward and postaward examinations of MAS contracts, as well as audits of construction claims, requests for equitable adjustment, and close-out audits.

- Audit oversight ensures independent public accountants comply with standards when performing the annual financial statements audit required under the 1990 Chief Financial Officer's Act and the audit of GSA's information security program and practices required under the Federal Information Security Modernization Act of 2014.

Our auditors provide extensive oversight of billions of dollars in contracts awarded by GSA for products, services, and real property. During Fiscal Year 2023, our audits of these contracts recommended over \$313 million in cost avoidances and recoveries, which included over \$3.9 million from our construction contract audits.

In addition to the results of our contract audits highlighted above, the Office of Audits' significant results in FY 2023 included our audit report on GSA's Transactional Data Reporting (TDR) pilot evaluation plan and metrics. In April 2021, GSA reported the results of its evaluation of the TDR pilot for FY 2020. GSA's evaluation portrayed the TDR pilot as a success. However, GSA's portrayal of the TDR pilot as a success ignores the fact that the data collected through the pilot program has never been used to analyze and negotiate contract-level pricing. Instead, GSA has amassed a collection of data that is almost entirely inaccurate, unreliable, and unusable.

We performed this audit to determine if *GSA's Transactional Data Reporting (TDR) Pilot Evaluation Plan and Metrics Version 2.0* enabled GSA to objectively measure and evaluate whether TDR can fulfill the Commercial Sales Practices and Price Reductions Clause contract-level pricing negotiation function while lowering industry reporting burden.

Under the MAS program, FAS establishes long-term, government-wide contracts. Through these contracts, millions of commercial products and services are made available to government agencies. The intent of the MAS program is to leverage the government's buying power to obtain competitive, commercial prices for customer agencies. Historically, GSA has used two mechanisms—commercial pricing disclosures and price reduction protections—to obtain commercial pricing over the life of MAS contracts. In June 2016, GSA published a final rule in the Federal Register establishing the TDR pilot for MAS contracts. Under the pilot, MAS contractors are required to report transactional data, including prices paid by government customers, for products and services sold under their respective contracts. In exchange for this transactional data, contractors are no longer required to disclose commercial pricing or adhere to price reduction requirements.

After more than 6 years of running the TDR pilot, GSA could provide us with only one example purporting to show its use of TDR pilot data for contract-level pricing decisions. However, in that example, the contractor asserted that its TDR pilot data was unreliable, and the contracting officer concluded that the data was likely inaccurate. As a result, contrary to GSA's assertion, the contracting officer ultimately did not use the TDR pilot data to make the contract-level pricing decisions on that particular contract.

GSA collected transactional data for FY 2022 sales totaling over \$14.6 billion. We found that the data reported for \$12.6 billion of these sales (87 percent) cannot be used for meaningful price analysis. Specifically, we found that:

- All transactional data collected for sales of services and sales identified as both products and services, which made up over \$8.6 billion (59 percent) of the FY 2022 sales is unusable. This data is unusable because it lacks essential information, such as standardized part numbers or descriptions that identify the services provided.
- The majority of data collected for sales of products, which made up approximately \$6 billion (41 percent) of the FY 2022 sales is also unusable. GSA found that the sales data collected for \$4 billion of product sales (67 percent) is unusable because in many cases contractors are not reporting accurate part numbers.
- For the remaining \$2 billion in sales (13 percent), we found that some of the data is not effective for price comparison due to the myriad variations in the way contractors report data for identical products.

We also found that GSA's FY 2020 evaluation of the TDR pilot program produced misleading results that enabled GSA to assert that the TDR pilot met its performance objectives and portray it as a success. This occurred because GSA used flawed methodologies, as well as inaccurate and unsupported information to evaluate the TDR pilot performance metrics. While we found problems with GSA's evaluation as a whole, we identified significant deficiencies with GSA's evaluation of the metrics it used to determine whether the TDR pilot was used for contract-level price negotiations and lowered industry burden. Specifically, we found that GSA:

- Designed a misleading performance metric to assess data completeness and could not support the results of its evaluation of this metric;
- Inaccurately asserted that MAS contracting officers used TDR pilot data;
- Did not assess the category manager usage metric based on actual use of the TDR pilot data and could not support the results of its evaluation of this metric; and
- Did not measure actual contractor reporting burden for TDR.

Taken together, these deficiencies clearly demonstrate that the TDR pilot has not been a success and point to significant problems that must be corrected before its expansion across the MAS program. Under the circumstances described in this report, we concluded it would be irresponsible to expand the TDR pilot across the program's annual sales of more than \$40 billion. Therefore, after ignoring the problems with the TDR pilot for more than 6 years, GSA is confronted with two options—take comprehensive action to fix the significant problems that plague TDR or terminate the pilot by executing the exit strategy.

Based on our findings, we recommended that the GSA Administrator, FAS Commissioner, and Associate Administrator of the Office of Government-wide Policy:

1. Cease further expansion of TDR until the problems are corrected or the pilot is terminated.
2. Address the problems with the TDR data and usage as described in this report within 1 year of report issuance. To do so, GSA should, at a minimum:
  - a. Conduct a comprehensive assessment of all TDR data;
  - b. Verify the accuracy and completeness of all TDR data;
  - c. Implement a verification process to ensure that TDR data is accurate and complete when it is submitted by MAS contractors;
  - d. Require the contractors that are not submitting complete and accurate data to correct their data or suspend their contracts;
  - e. Make the data accessible to all MAS contracting personnel; and
  - f. Develop a methodology for pricing using TDR data that will ensure that customer agencies meet the Competition in Contracting Act of 1984 for orders placed through MAS contracts.
3. If GSA cannot successfully complete the corrective actions outlined in Recommendation 2 within 1 year of report issuance or makes the decision not to take those corrective actions, execute the exit strategy for the TDR pilot and transition participating contractors out of the pilot in accordance with FAS Policy and Procedures 2016-11, *Transactional Data Reporting – Federal Supply Schedule Program Implementation, Paragraph 8(G), Pilot Cancellation*.

During FY 2023, we continued our audit oversight of GSA's response to Coronavirus Disease 2019 (COVID-19). In June 2023, we issued a report that identified challenges to GSA's efforts to meet the ventilation and acceptable indoor air quality standard in GSA-owned buildings. Ventilation in GSA-owned buildings is subject to industry standards as well as federal guidance. Federal regulations require that GSA-owned buildings meet the ventilation standard issued by the American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE ventilation standard). This standard establishes minimum ventilation and testing requirements necessary to minimize adverse health effects for building occupants. GSA is also subject to guidance issued by the Centers for Disease Control and Prevention (CDC) and Occupational Safety and Health Administration (OSHA). In response to the COVID-19 pandemic, both agencies issued guidance recommending additional measures to improve building ventilation and minimize exposure to viral particles.

PBS is struggling to meet the ASHRAE ventilation standard and to comply with CDC and OSHA guidance. We found that PBS is not meeting—or does not have complete information to determine if it is meeting—the ASHRAE ventilation standard for the majority of GSA-owned buildings. We also found that PBS has not consistently implemented CDC and OSHA recommendations to improve ventilation in GSA-owned buildings. Taken

together, these deficiencies increase the risk that building occupants will be exposed to airborne viruses, including the virus that causes COVID-19.

We recommended that the PBS Commissioner:

1. Complete a comprehensive assessment to determine whether GSA-owned building air handlers meet the ASHRAE ventilation standard's minimum outdoor air requirements and develop a comprehensive plan to address deficiencies identified.
2. Create and implement a plan to notify building occupants whenever deficiencies and hazards associated with outdoor air requirements are identified.
3. Ensure that all PBS staff with ventilation system responsibilities, including contracting officer's representatives, contracting officers, project managers, and building managers, are trained on the requirements of the ASHRAE ventilation standard.
4. Ensure operations and maintenance contracts define requirements for regular testing, adjusting, and balancing of air handlers.
5. Ensure that GSA's *Guidance for COVID-19 HVAC Operations* adheres to CDC COVID-19 guidance for improved building ventilation.

In addition, our audit oversight found significant problems with GSA's stewardship of customer agencies' funding provided through interagency agreements known as reimbursable work authorizations (RWAs). The Special Programs Division within GSA's Public Buildings Service (PBS) is responsible for a portfolio of RWAs totaling over \$528 million. We found that the Special Programs Division accepted and executed RWAs in violation of applicable laws, regulations, and GSA policies. The Special Programs Division violated the bona fide needs rule by accepting an RWA with poorly defined requirements and adding to the scope of work for another RWA more than 2 years after acceptance. Additionally, the Special Programs Division did not deliver and close out work requested through several other RWAs in a timely manner, thereby increasing the risk of appropriations law violations.

To correct these issues, we made multiple recommendations to the PBS Commissioner. These recommendations included ensuring that the Special Programs Division properly trains its employees in the acceptance, execution, and closeout of RWAs in accordance with applicable laws, regulations, and GSA policies and properly oversees project managers and other acquisition personnel regarding any RWA contract administration, including modifications and closeouts. We also recommended the implementation of controls to meet reasonable time requirements for contractual obligations and to ensure that substantially completed RWAs are identified and closed out according to applicable GSA policies. The PBS Commissioner agreed with our report recommendations.

Also, we reported on GSA's noncompliance with the Geospatial Data Act of 2018 (GDA). We performed this audit pursuant to GDA Section 759(c), which requires the inspector general of each covered agency to conduct an audit, not less than once every 2 years, of



the covered agency's compliance with the GDA. Accordingly, we assessed GSA's fulfillment of the requirements set forth in the GDA. Specifically, we evaluated GSA's compliance with the 13 covered agency responsibilities listed in GDA Section 759(a).

GSA is not fully complying with the GDA. We found that GSA has excluded geospatial data from its GDA implementation and reporting efforts and is not adhering to geospatial data and metadata standards. Overall, we found that these deficiencies occurred because GSA lacks comprehensive, formalized oversight to ensure Agency-wide compliance with the GDA.

Based on our findings, we made several recommendations to the GSA Administrator. These recommendations included GSA implementing a comprehensive, formalized oversight structure that ensures GSA's Agency-wide compliance with the GDA. We also recommended that GSA incorporate all geospatial data into its GDA implementation efforts, adhere to the appropriate geospatial data and metadata standards, and establish roles and responsibilities for officials responsible for these efforts.

Finally, we reported on risks to GSA personnel and federal property due to GSA's lack of monitoring access cards. GSA access cards are used to access GSA-managed facilities and information technology systems. Failed access attempts could be an indication of attempted unauthorized access to federal facilities and secured areas. We performed this audit to determine if GSA is monitoring access card use for physical access to GSA-managed facilities in accordance with federal regulations, policies, and guidance.

We found that GSA is not monitoring access card data from GSA card readers to identify risks to GSA personnel and federal property. For the 2-year audit period, data collected from access card readers in GSA-managed facilities showed 32,179 failed access attempts. While the access card data shows that the average GSA-managed building had 244 failed access attempts during the audit period, six buildings had over 1,000 failed access attempts on doors secured by access card readers, including one building with 4,164 failed access attempts. Further, while the average access card user during our audit period had 2 failed access attempts, we found that 200 users had at least 25 failed access attempts. This included one user who had 1,963 failed access attempts.

These failed access attempts may have potential security implications. Of the top 10 buildings with the most failed access attempts, 8 contain childcare facilities or security-sensitive agencies, such as the Federal Bureau of Investigation, U.S. Social Security Administration, and U.S. Department of Homeland Security. The safety and security of the tenants and children in these buildings are a major concern.

To address these findings, we recommended that the GSA Administrator:

1. Develop and implement procedures for monitoring access card data.

2. Use the collected access card data to produce trend data to inform building security stakeholders of individuals with a significant amount of failed access attempts.
3. Create and disseminate guidance addressing how building security stakeholders should handle repeated, failed access attempts.

## **Office of Investigations**

### **Program Description**

The Office of Investigations is comprised of special agents with full statutory law enforcement authority: they make arrests, execute search warrants, serve subpoenas, and carry firearms. OIG special agents investigate bribery, kickbacks, procurement fraud, product substitution, government credit card fraud, theft of government property, false statements, and a variety of other fraud-related crimes and offenses.

The Office of Investigations prioritizes:

- Investigations of alleged criminal violations and civil fraud by contractors, employees, and others relating to GSA acquisition programs;
- Criminal investigations relating to the integrity of GSA programs, operations, and personnel;
- Proactive initiatives, including the use of data analytics, which address systemic investigative issues that cross GSA regional boundaries; and
- Investigations of allegations of serious misconduct by high-ranking GSA officials.

We led a multi-agency investigation that resulted in a guilty verdict and sentencing based on illegal access to GSA's system for Award Management (SAM). Hurriyet Arslan and Sercan Oyuntur, were found guilty of conspiracy to commit wire, mail, and bank fraud; bank fraud; use of unauthorized access devices to commit fraud; aggravated identity theft; and making false statements to law enforcement. The investigation determined that a government vendor's SAM account was fraudulently accessed, and the vendor's bank account information was altered to deliberately misdirect government payments into an account controlled by Arslan. The illegal access was facilitated by a phishing attack through which the authorized user's credentials were obtained. When the Defense Logistics Agency attempted to issue a payment of \$23.4 million to the vendor, those funds were illegally diverted into Arslan's account. As a result of Arslan's involvement in this scheme, he was sentenced to 20 months' incarceration, 3 years' supervised release, and was ordered to pay over \$23.4 million in restitution jointly with co-conspirator Oyuntur, who fled the U.S. while awaiting sentencing.

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Our agents play a significant role in combating major procurement fraud and ensuring the integrity of federal contracting. In addition to the Keith Seguin corruption investigation mentioned above, GSA OIG led an investigation that resulted in Honeywell International, Inc. agreeing to pay \$3.35 million to resolve allegations that it violated the False Claims Act by selling defective material for bulletproof vests used by law enforcement officers. Between at least 2000 and 2005, Honeywell allegedly sold its patented Z Shield material to Armor Holdings, a bulletproof vest manufacturer, knowing the Z Shield degraded quickly in normal conditions, and that the degradation of the material made the ballistic vests unfit for use, placing the lives of law enforcement officers at risk. Armor Holdings' vests containing Honeywell's Z Shield were purchased by federal agencies under a GSA contract, and by various state, local, and tribal law enforcement agencies that were partially funded by DOJ's Bulletproof Vest Partnership program. GSA OIG worked this and several other long-term investigations into faulty body armor in coordination with the Department of Justice and other law enforcement partners.

We have achieved important results in addressing set-aside contract fraud, which deprives legitimate, disadvantaged businesses the opportunity to fairly compete for government business. Our work in this area was illustrated by our multi-agency investigation of officers and employees of Odyssey International, Inc. (Odyssey), who falsely certified in SAM that the company was located in a Historically Underutilized Business Zone (HUBZone) in order to bid on federal contracts that were set aside for HUBZone businesses. As a result of the scheme, Odyssey received over \$90 million in construction contracts that it was ineligible to receive. A jury found Odyssey and its owner, Whitney McBride, guilty of conspiracy to commit wire fraud, wire fraud, and major fraud. McBride was also found guilty of making false official statements and false declarations to a court. Odyssey was fined \$5 million, and McBride was sentenced to 30 months of imprisonment followed by 36 months of supervised release. Kin Shing Paul Lee, Chief Financial Officer, and Michael Tingey, Chief Operating Officer, admitted to conspiring to generate documents that supported their claim that Odyssey employees resided in a HUBZone, knowing the documents were fictitious. Tingey pleaded guilty to wire fraud, and Lee pleaded guilty to wire fraud, money laundering, and aiding and abetting in the filing of a false tax return. For their roles in the scheme, Lee was sentenced to 12 months of imprisonment followed by 24 months of supervised release. Tingey was sentenced to 24 months of probation. As part of their guilty pleas, Lee and Tingey agreed to asset forfeitures totaling over \$7.8 million.

In another set aside contract fraud investigation, we found that from approximately 2004 through 2017 Michael Padron, Michael Wibracht, and Ruben Villarreal conspired to defraud the United States to obtain valuable government contracts under programs administered by the Small Business Administration (SBA) that their companies were ineligible to receive. As part of the scheme, Padron and Wibracht installed Villarreal, a service-disabled veteran, as the ostensible owner of a general construction company held out as a Service-Disabled Veteran-Owned Small Business (SDVOSB). Villarreal falsely certified in SAM that he and his business earned most of the profits and made all

decisions involving the joint venture to secure over \$250 million in government contracts, despite Padron and Wibracht exercising disqualifying financial and operational control of the company. The two of them were ineligible to receive the contracts due to their larger, non-qualifying businesses. A jury found Padron guilty of conspiracy to defraud the government and wire fraud, and he was sentenced to 27 months of imprisonment and ordered to pay a \$1.75 million fine. Both Wibracht and Villarreal pleaded guilty to conspiracy to defraud the U.S. and were sentenced to time served for their role in the scheme. Additionally, Wibracht was ordered to serve 2 years of supervised release and pay a \$2,000 fine.

Another SDVOSB fraud investigation resulted in government contract holder VE Source LLC, agreeing to pay \$7.6 million under a consent judgment. It was alleged that VE Source had engaged in a scheme to defraud the U.S. government by falsely claiming that VE Source was eligible for government contracts set aside for SDVOSBs to provide specialty textile apparel design services, raw material sourcing, and product manufacturing. Additionally, the company's owners, Sherman Barton and Christopher Neary, and a related entity, Vertical Source LLC, finalized a civil settlement agreement to pay \$75,000, \$120,000, and \$180,000 respectively, to resolve allegations they violated the False Claims Act.

Our investigators also play a major role in protecting the government's supply chain, pursuing those who sell counterfeit, non-conforming, and substandard products to agencies through GSA contracts. In addition to the 2M investigation mentioned above, GSA OIG and our partners conducted a complex investigation that resulted in Onur Aksoy, the founder and Chief Executive Officer of Pro Network, LLC, and dozens of other companies and entities pleading guilty to trafficking in counterfeit goods; committing mail fraud; and committing wire fraud. Aksoy agreed to forfeit \$15,000,000 in illicit gains from the scheme and make full restitution to his victims. Pro Network provided enterprise information technology hardware and services, to commercial and government customers. According to documents filed in the case and statements made in court, Aksoy's entities imported from suppliers in China and Hong Kong tens of thousands of low-quality, modified computer networking devices with counterfeit Cisco labels, stickers, boxes, documentation, and packaging, all bearing counterfeit trademarks registered and owned by Cisco, that made the goods falsely appear to be new, genuine, and high-quality devices manufactured and authorized by Cisco. The devices had an estimated total retail value of hundreds of millions of dollars. Moreover, the Pro Network Entities generated over \$100 million in revenue, and Aksoy received millions of dollars for his personal gain. The fraudulent and counterfeit products suffered from numerous performance, functionality, and safety problems including failures and malfunctions, causing significant damage to their users' networks and operations – in some cases, costing users tens of thousands of dollars. Customers of Aksoy's fraudulent and counterfeit devices included hospitals, schools, government agencies, and the military. Aksoy awaits sentencing.

We continue to serve as the primary investigators of fraud involving GSA's government-wide Fleet program, including complex skimming operations and Fleet card misuse by federal employees. In one case, we uncovered a complex credit card skimming operation, where stolen credit card information, including GSA Fleet credit cards, was used to illegally purchase and sell diesel fuel for profit. We also conducted several successful investigations of Fleet card fraud and misuse by government employees who worked for various federal agencies including the Bureau of Indian Affairs, the Smithsonian Institution, the National Park Service, Amtrak, and the New Mexico Army National Guard. One investigation resulted in the conviction of a Department of the Interior employee, who was sentenced to 50 months of imprisonment and ordered to pay \$826,109 in restitution for carrying out a Government Purchase Card and Fleet Card fraud scheme by making purchases for herself and associates, that included furniture, jewelry, appliances, airline tickets, an Audi S4 vehicle, and other items.

We also investigate allegations of theft and fraud related to GSA's Federal Surplus Property Donation Program. Our joint investigation found the Royal Air Museum fraudulently acquired several surplus airplanes by representing that the planes would be used to promote their organization and the preservation of aerospace history, including display and exhibition. Instead, the Royal Air Museum sold a fuselage, engines, and other airplane parts without authorization from GSA. During the investigation, agents seized five airplanes; three of them were sold through GSA Auctions for a total of \$545,100, which was paid to GSA. The other two planes were released to authorized recipients. Royal Air Museum pleaded guilty to major fraud against the United States, and on July 27, 2023, the company was sentenced to 5 years of probation and was ordered to pay \$4 million in restitution to GSA and a \$1 million fine.

## **Office of Inspections**

### **Program Description**

The Office of Inspections is responsible for independently and objectively analyzing and evaluating GSA's programs and operations through management and programmatic inspections that are intended to provide insight into issues of concern to GSA, Congress, and the American public. The office also formulates, directs, and coordinates quality assurance for the OIG.

Inspections are systematic and independent assessments of the design, implementation, and results of GSA's operations, programs, and policies. Inspections may include an assessment of efficiency, effectiveness, impact, and sustainability.

The Office of Inspections issued a FY 2023 report on GSA's oversight of its federal surplus firearms donation program. Our report found that from 1999 to 2022, GSA operated its firearms program without establishing an agency-issued Order with a system of management objectives and requirements to ensure adequate oversight and criteria. As a

result, the firearms program continues to operate under a patchwork of improvised guidance. GSA has improved overall firearms program data reliability since our FY 2015 limited evaluation report that found the agency's inventory records were not complete or accurate, increasing the risk that donated firearms are unmonitored and vulnerable to theft, loss, or unauthorized use. However, some inaccuracies remain that hinder the agency's ability to identify and track all firearms throughout the donation lifecycle.

Based on our findings, we recommended the Assistant Commissioner of the Office of General Supplies and Services:

1. Review and revise GSA Order FSS P 4025.5 to establish the management objectives and requirements of the Surplus Firearms Donation Program, including GSA's roles and responsibilities for surplus firearms.
2. Coordinate with the GSA Office of General Counsel to revise internal procedural documents, including the standard operating procedures, to reflect current practices and ensure they are consistent with each other and with federal requirements.
3. Establish a process to ensure GSAXcess initial firearms data entered by federal agencies into GSAXcess is both accurate and sufficient to allow for the proper identification, tracking, and donation of surplus firearms.
4. Establish a process to ensure GSA firearms staff proactively screen and timely update GSAXcess firearms data to avoid errors.
5. Implement a centralized records management system to ensure both the consistent storage and efficient access of documentation supporting GSA's Surplus Firearms Donation Program.

Also in FY 2023, the Office of Inspections issued the second of two reports on indoor air quality in the unrenovated Wings 0 and 3 of the GSA Headquarters Building that identified persistent issues with the ventilation systems and equipment. We found that PBS's leadership had been aware of the issues for years and did not take sufficient action to address those deficiencies. During COVID-19, GSA began to implement Centers for Disease Control and Prevention mitigating actions to reduce the risk of spreading the virus that causes COVID-19. However, we found that the mitigating actions GSA took during the pandemic did not abate or improve the long-standing ventilation systems and equipment issues. Therefore, GSA cannot ensure that occupants in the unrenovated Wings 0 and 3 of the Headquarters Building are in a safe work environment.

Based on our findings, we recommended that the Public Buildings Service Commissioner:

1. Continue to monitor indoor air quality in Wings 0 and 3 of the Headquarters Building, in accordance with the PBS Desk Guide.
2. Expediently notify Headquarters Building occupants of any indoor air quality results that do not meet American Society of Heating, Refrigerating, and Air-Conditioning Engineers standards.

## **Executive Direction and Business Support Offices**

### **Program Descriptions**

**Office of the Inspector General:** The Inspector General (IG), Deputy Inspector General, Associate Inspector General, and their support staff supervise, coordinate, and provide policy and programmatic direction for all activities within the OIG, including audit, investigation, and inspection activities; Congressional affairs; and media relations. The IG recommends policies for and coordinates activities to promote economy and efficiency in the administration of and the prevention and detection of fraud and abuse in the programs and operations of GSA.

**Office of Counsel:** This office provides legal advice and assistance to all OIG components nationwide, represents the interests of the OIG in connection with audits and investigations and in litigation arising out of or affecting OIG operations, and advises on statutes and regulations and assists with legislative concerns. Counsel represents the OIG in personnel matters before administrative tribunals and provides support to U.S. Attorneys' Offices and the DOJ in False Claims Act and other litigation. The Office of Counsel also is responsible for the OIG's ethics, Freedom of Information Act, and Federal Acquisition Regulation mandatory disclosure programs.

**Office of Administration:** This office consists of a multidisciplinary staff that provides budgetary, human resources, information technology, facilities, contracting, records management, executive resources, and other administrative support and services to all OIG offices. The Office of Administration is responsible for providing the technical, financial, and administrative infrastructure to the OIG.

## **FY 2025 Performance Plan**

The OIG's strategic plan aligns with our statutory reporting requirements in the Semiannual Report to the Congress (SAR). We provide our annual performance in the SAR that is published shortly after the end of each fiscal year.

### **Strategic Goal No. 1: Protect taxpayer dollars by promoting the economy, efficiency, and effectiveness of GSA programs and operations.**

#### **Discussion**

The OIG's audits, inspections, and investigations support GSA operations by identifying mismanagement and control weaknesses; assisting contracting officers in achieving the best prices for goods and services; identifying non-compliance with statutes, regulations, and contract terms; suggesting ways to mitigate management control weaknesses and other systemic problems; and recommending or seeking recoveries of funds owed to the government. Audits, inspections, and investigations are performed in response to indications of possible deficiencies and requests for assistance from GSA personnel and Congress. The OIG advises GSA management of identified opportunities to increase the economy, efficiency, and effectiveness of GSA's programs and operations.

#### **Performance Goals:**

- *Identify potential savings and efficiencies in GSA contracts and programs.*
- *Seek recoveries of monies owed the United States.*
- *Provide audit, inspection, investigation, and other reports and memoranda that enable agency management to make improvements in agency operations.*

#### **Performance Measures:**

- *Dollar value of civil, criminal, and administrative monetary accomplishments.*
- *Financial impact identified in audit reports and memoranda issued.*
- *Program impact identified in audit reports and memoranda.*
- *Program impact identified in inspection reports and memoranda.*



**Strategic Goal No. 2: Prevent and detect fraud and abuse in GSA programs and operations.**

**Discussion**

The OIG uses information from its audits, investigations, and inspections to suggest ways GSA can mitigate problems that could allow fraud and or abuse to occur. The OIG detects potential fraud and other criminal conduct and refers potential fraud cases to the Department of Justice. The OIG will provide information to GSA relevant to administrative actions and potential debarments.

**Performance Goals:**

- *Investigate allegations indicating violations of statutes, regulations, and policies.*
- *Seek Department of Justice involvement in potential fraud cases.*
- *Refer contractors to GSA officials for suspension and debarment where their level of responsibility poses a risk to federal government customers.*
- *Provide agency management with information necessary to take personnel and other administrative actions.*

**Performance Measures:**

- *Number of criminal referrals, acceptances, and convictions.*
- *Number of civil referrals, acceptances, and resolutions.*

**OIG Strategic Goal No. 3: Focus on high-risk and high-impact areas.**

**Discussion**

The OIG will focus its audit, inspection, and investigation resources on issues with potentially significant impact on GSA programs and operations; assist GSA management in ensuring the integrity of high-dollar and high-priority programs and procurements; and recommend to GSA any necessary programmatic changes to ensure process efficiency and achievement of the agency's mission and goals. By focusing on high-risk areas, the OIG should achieve greater monetary savings for GSA.

**Performance Goals:**

- *Perform audits of GSA contracts, programs, and systems that present the most significant management challenges, high-risk areas, cybersecurity vulnerabilities, and opportunities for improvement.*

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- *Perform inspections of high priority and high visibility GSA programs and activities that present significant risks to GSA and its stakeholders.*
- *Devote investigative resources to potentially significant government losses and serious breaches of the integrity of agency programs and operations.*

***Performance Measures:***

- *Percent of audit resources focused on high-priority areas, including management challenges and support of False Claims qui tam and other civil prosecution cases.*
- *Percent of inspection resources focused on high-priority assignments that impact GSA or the Federal Government.*
- *Percent of investigative resources focused on fraud and other high-priority cases.*