



U.S. General Services Administration

Administrator's Semiannual Management Report to Congress



Report No.57

April 1, 2017 - September 30, 2017

U.S. General Services Administration

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Synopsis of Audit Activity

The Inspector General Act of 1978, as amended, requires the Administrator of General Services to report directly to Congress on management decisions and final actions taken on audit recommendations made by the Office of Inspector General (OIG) of the General Services Administration (GSA).

This report covers the period of April 1, 2017, through September 30, 2017. Included in the report are summaries of GSA audit activities concerning the following:

- GSA implementation of OIG audit report recommendations.
- Final actions not taken on audits 1 year after the date of the management decision.
- Audit reports and audit actions involving financial recommendations, including disallowed costs, funds to be put to better use (better use funds), or both.

On April 1, 2017, GSA had 132 contract and internal audit reports pending final action. These reports contained financial recommendations totaling \$1,687,881,808.

- Financial recommendations for 113 contract audits totaled \$1,687,881,808.
- Financial recommendations for 19 internal audits with no monetary returns.

Between April 1, 2017, and September 30, 2017, GSA finalized management decisions on 33 audit reports concerning nationwide GSA programs and operations.

- A total of \$1,579,886 in pre-award contracts, post-award contracts, and internal program spending was found to have been incorrectly charged to the Government and determined to be disallowed costs in 24 of the 33 audits.
- In 23 of the 33 audits, the OIG recommended that \$108,031,741 could be used more effectively (better use funds) if management took action to implement and complete the OIG recommendations.¹

During this 6-month reporting period, GSA successfully took final action on 43 audits. These audits represent the potential recovery of \$63,724,876 in Government funds and the identification of \$909,472,406 in potential future savings.

As of September 30, 2017, GSA had 122 open audit reports. Three of these audits involve claims under appeal or in litigation.

¹ The Appendix on page 32 reflects audits completed by the GSA-OIG Office of Audits. The above count reflects audits completed by the GSA-OIG Office of Audits and the GSA-OIG Office of Inspections.

Overview

This report, GSA's 57th report to Congress since the implementation of the reporting requirement, presents management's perspective on audit resolution and follow-up activity for the semiannual reporting period, in addition to general statistical summaries. The data in the report indicates that GSA's audit monitoring and management activities continue to play a significant role in the efficient management of GSA operations, the accomplishment of the agency mission, and the effective use of taxpayer dollars.

U.S. General Services Administration Organization

GSA's Public Buildings Service and Federal Acquisition Service provide government-wide delivery of real estate, acquisition, and technology services, while GSA's Office of Government-wide Policy manages the development of certain government-wide policies and regulations, as well as those for GSA only. GSA's 11 regions provide local support to Federal agencies nationwide, while GSA's several staff offices provide support to other GSA organizations and to other Federal agencies and the public.

The Administrator of GSA directs the execution of all GSA functions. Members of the Administrator's office, as well as Heads of Services and Staff Offices, advise and make recommendations on policy or operational issues of national scope. They are also responsible for execution of programs and services within their service, or staff office, under the leadership of the Administrator.

Organization of Audit Follow-Up Program

GSA has effective systems in place for tracking and managing audit recommendations. In addition, GSA's senior management is committed to ensuring that appropriate corrective action is taken. Agency managers have the responsibility to act on the auditor's recommendations, with the audit resolution process being supervised by the agency's audit follow-up official. A description of the responsibilities of GSA officials involved in the audit follow-up process is set forth below:

Agency Audit Follow-up Official

The Deputy Administrator is the Agency Audit Follow-up Official responsible for the audit follow-up program. This position has overall responsibility for ensuring the adequacy of the agency's audit follow-up program, monitoring the resolution of audit recommendations, and ensuring the prompt implementation of corrective actions. This position also makes final decisions to resolve differences between agency management and the OIG.

The Chief Administrative Services Officer (CASO)

The CASO provides direction and oversight to the officials in the Office of Administrative Services (OAS) who manage the GSA's Audit Resolution and Follow-up System. Their responsibilities include:

- Acting as the liaison with the Government Accountability Office (GAO) for the coordination of GAO audits in progress within GSA and for preparation of responses and reports for the signature of the Administrator on GAO recommendations as required by law;
- Ensuring timely resolution and implementation of internal and external audit recommendations made by the GAO and the OIG;
- Overseeing the collection and proper accounting of monetary amounts determined due to the Government as the result of audit-related claims;
- Analyzing GSA's programs, upon request from the Administrator, particularly as related to past or present audit recommendations; and,
- Maintaining an automated report control system for both internal and external audits that provides an accurate means for tracking and documenting actions taken to implement audit recommendations.

Heads of Services and Staff Offices

Heads of Services and Staff Offices, to whom audit recommendations pertain, have primary responsibility for resolving and implementing recommendations promptly. Their responsibilities include:

- Ensuring controls are implemented to provide timely, accurate, and complete responses to audit reports;
- Developing, advocating, and documenting agency positions on audit recommendations;
- Preparing responses for GAO draft reports and transmittals for final GAO reports in coordination with OAS;
- Providing comments on audit decision papers prepared by the OIG to ensure that management's position on unresolved audit recommendations is properly stated.

Audits with Disallowed Costs

Final action for the six-month period <u>Ending SEPTEMBER 30, 2017</u>	Number of Audit <u>Reports</u>	Disallowed <u>Costs</u>
A. Audit reports for which final action had not been taken by the commencement of the reporting period.	132	\$115,961,282
B. Audit reports on which GSA/OIG management decisions were made during the reporting period.	33	\$ 1,579,886
C. Audit reports on which final action was taken during the reporting period.	43	\$ 63,724,876
<i>(i) the dollar value of disallowed costs</i>		\$ 22,534,195
- collections..... \$19,761,118		
- offset \$1,574,737		
- property in lieu of cash... \$0		
- surplus \$1,198,340		
- other \$0		
<i>(ii) the dollar value of disallowed costs that were written off by management.</i>		\$ 41,190,681
D. Audit reports for which no final action has been taken by the end of the reporting period and audit reports issued during this reporting period.	122	\$ 57,412,203

Audits with Better Use Funds (Potential Cost Savings)

<u>Final action for the six-month Ending SEPTEMBER 30, 2017</u>	<u>Number of Audit Reports</u>	<u>No budget Impact (Actual and Estimated)</u>	<u>Budget Impact</u>
A. Audit reports for which final action had not been taken by the commencement of the reporting period.	132	\$1,571,920,526	\$0
B. Audit reports on which management decisions were made during the reporting period.	33	\$108,031,741	\$0
C. Audit reports on which final action was taken during the reporting period.	43	\$909,472,406	\$0
<i>(i) the actual dollar value of recommendations that were actually completed.</i>		\$0	
<i>(ii) the actual dollar value of recommendations that management has subsequently concluded should not or could not be implemented or completed.</i>		\$0	
<i>(iii) the actual dollar value of recommendations that management has subsequently concluded should not or could not be determined (calculated).</i>		\$0	
<i>(iv) the estimated dollar value of "funds to be put to better use" as agreed to by GSA management and the OIG.</i>		\$909,472,406	
D. Audit reports for which no final action has been taken by the end of the reporting period and audit reports issued during this reporting period.	122	\$716,561,750	\$0

Audits under Appeal/Litigation

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS
		Disallowed Costs
A140110P4X15003 Suffolk Construction Company, Inc.	11/10/2014	\$0
A140116P4X15016 City Lights Electrical Company, Inc.	01/30/2015	\$0
A140118P4X16005 N.B. Kenney Company, Inc.	11/13/2015	\$0

Contract Audits

Audits with Management Decisions made prior to September 30, 2016, but with Final Action not taken as of September 30, 2017

Financial recommendations are not included for contract awards or actions that are not completed.

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A090042Q9X09019 Postaward Audit Report on Direct Costs Incurred on Trilogy Project: Computer Sciences Corporation, Contract Number GS00-T99-ALD204	12/29/2008	\$14,951,923		Investigation in process - An investigation has been opened by either the OIG or the Justice Department regarding actions taken by the contractor
A110088Q3X11079 Global Protection USA, Inc.	07/28/2011	\$29,337		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A100119Q6X11081 Noble Sales Co., Inc.	08/03/2011	\$0		Price/settlement negotiated - Negotiations have been completed between Contracting Officer and contractor
A110209Q6X12057 Propper International Sales, Inc.	08/15/2012	\$2,063,375		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A120071Q2X13002 ICF Z-Tech, Inc.	10/16/2012	\$14,580		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A130071Q5X14018 Industries for the Blind, Inc.	01/31/2014	\$306,596		In negotiation - Negotiations are proceeding between Contracting Officer and contractor

Contract Audits

Audits with Management Decisions made prior to September 30, 2016, but with Final Action not taken as of September 30, 2017

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REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A130099P4X14011 HCBeck, Ltd.	03/24/2014	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A130049Q4X14024 SimplexGrinnell LP	03/31/2014	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A130136Q3X14026 Fisher Scientific Company LLC	04/14/2014	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A110139Q9X14028 Alaska Structures, Incorporated	04/24/2014	\$1,999,255		Investigation in process - An investigation has been opened by either the OIG or the Justice Department regarding actions taken by the contractor
A140057Q3X14043 ATD-American Company	06/19/2014	\$4,895		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A130043Q2X14049 ICF Z-Tech, Inc.	07/16/2014	\$2,482,454		In negotiation - Negotiations are proceeding between Contracting Officer and contractor

Contract Audits

Audits with Management Decisions made prior to September 30, 2016, but with Final Action not taken as of September 30, 2017

Financial recommendations are not included for contract awards or actions that are not completed.

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A130116Q3X14053 Management Concepts, Inc.	07/29/2014	\$14,121		In the process of collection - GSA is in the process of collecting funds owed the government from the contractor
A140132Q7X14061 A-T Solutions, Inc.	09/16/2014	\$239,961		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A140110P4X15003 Suffolk Construction Company, Inc.	11/10/2014	\$0		Litigation in process - The contractor has appealed the Contracting Officer's decision and the audit is now in the litigation process
A140116P4X15016 City Lights Electrical Company, Inc.	01/30/2015	\$0		Litigation in process - The contractor has appealed the Contracting Officer's decision and the audit is now in the litigation process
A140149P4X15027 Donaldson Interiors, Inc.	03/27/2015	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A140039Q4X15029 High Performance Technologies Innovations, LLC	03/31/2015	\$539,872		In negotiation - Negotiations are proceeding between Contracting Officer and contractor

Contract Audits

Audits with Management Decisions made prior to September 30, 2016, but with Final Action not taken as of September 30, 2017

Financial recommendations are not included for contract awards or actions that are not completed.

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A140074Q6X15037 TASC, Inc.	06/10/2015	\$1,886,901		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A150071Q7X1504 CAS, Inc.	07/08/2015	\$21,171		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A140079Q6X15061 CACI, INC. - FEDERAL	09/23/2015	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A150002Q3X15063 Government Contract Solutions, Inc.	09/30/2015	\$70,640		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A150083QAX16004 LCG Systems, LLC	11/10/2015	\$149,663		Price/settlement negotiated - Negotiations have been completed between Contracting Officer
A150077QAX16006 Office Depot, Inc.	11/12/2015	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor

Contract Audits

Audits with Management Decisions made prior to September 30, 2016, but
with Final Action not taken as of September 30, 2017

Financial recommendations are not included for contract awards or actions that are not completed.

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A140118P4X16005 N.B. Kenney Company, Inc.	11/13/2015	\$0		Litigation in process - The contractor has appealed the Contracting Officer's decision and the audit is now in the litigation process
A140064Q3X16007 AllWorld Language Consultants, Inc.	11/18/2015	\$35,292		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A150113P4X16008 Matsuo Engineering Centerre Construction, A Joint Venture	11/20/2015	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A150069Q5X16012 Research Triangle Institute	12/03/2015	\$61,375		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A090175Q4X16011 Square One Armoring Services	12/03/2015	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A140055Q2X1601 SRC, Inc.	12/07/2015	\$637,423		In negotiation - Negotiations are proceeding between Contracting Officer and contractor

Contract Audits

Audits with Management Decisions made prior to September 30, 2016, but with Final Action not taken as of September 30, 2017

Financial recommendations are not included for contract awards or actions that are not completed.

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A150142Q7X16015 IDSC Holdings, LLC	12/14/2015	\$36,620		Price/settlement negotiated - Negotiations have been completed between Contracting Officer and contractor
A140146P4X16017 Cauldwell Wingate Company, LLC	12/21/2015	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A140145P4X16018 Pace Plumbing Corporation	12/28/2015	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A140148P4X16022 Five Star Electric Corporation	01/29/2016	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A150104Q7X16026 Kipper Tool Company	02/23/2016	\$57,177		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A150093Q3X16027 Innovative Management & Technology Approaches, Inc.	03/02/2016	\$143,095		In negotiation - Negotiations are proceeding between Contracting Officer and contractor

Contract Audits

Audits with Management Decisions made prior to September 30, 2016, but with Final Action not taken as of September 30, 2017

Financial recommendations are not included for contract awards or actions that are not completed.

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A140147P2X16030 ASM Mechanical Systems, Inc.	03/30/2016	\$1,120,928		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A150097Q9X16033 Acumen, LLC	04/18/2016	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A160029QAX16036 Delta Research Associates, Inc.	04/26/2016	\$112,884		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A150095Q3X16037 DRS Technical Services, Inc.	04/27/2016	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A160026Q7X16039 Skyline Unlimited, Inc.	05/12/2016	\$35,373		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A150073Q2X16040 Simmonds Precision Products, Inc.	05/23/2016	\$531		In negotiation - Negotiations are proceeding between Contracting Officer and contractor

Contract Audits

Audits with Management Decisions made prior to September 30, 2016, but with Final Action not taken as of September 30, 2017

Financial recommendations are not included for contract awards or actions that are not completed.

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A150085Q9X16043 Mathematica Policy Research, Inc.	06/24/2016	\$172,827		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A150068Q4X16045 COLSA Corporation	06/30/2016	\$0		Price/settlement negotiated - Negotiations have been completed between Contracting Officer
A150107Q6X16056 Radiance Technologies, Inc.	08/04/2016	\$529,097		Unresolved - Agreement has not been reached between OIG and Contracting Officer on the Decision Record
A160093Q7X16074 United Liquid Gas Company	09/19/2016	\$3,321,947		In negotiation - Negotiations are proceeding between Contracting Officer and contractor

Internal Audits

Audits with Management Decisions Made Prior to September 30, 2016, but with Final Action not Taken as of September 30, 2017

Financial recommendations are not included for internal audits or actions that are not completed.

REPORT NUMBER TITLE OF REPORT	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION	PROJECTED COMPLETION DATE
		Disallowed Costs	Better Use Funds		
A140008Q9P15002 FAS Needs to Strengthen its Training and Warranting Program for Contracting Officers	06/26/2015	\$0		Audit is in the Implementation Stage	06/25/2018
A150033Q9P16002 The Federal Acquisition Service Needs a Comprehensive Human Capital Plan for its Contract Specialist Workforce	07/22/2016	\$0		Audit is in the Implementation Stage	10/31/2017
A120026Q6P16003 IT Reseller Contracts Present Significant Challenges for GSA's Schedules Program	07/22/2016	\$0		Audit is in the Implementation Stage	12/04/2017
A150009P5R16003 PBS Energy Savings Performance Contract Awards May Not Meet Savings Goals	09/27/2016	\$0		Audit is in the Working Stage	TBD after negotiations are completed

Internal Audits

Open OIG Recommendations Not Fully Resolved as of September 30, 2017

Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
A140008Q9P15002 FAS Needs to Strengthen its Training and Warranting Program for Contracting Officers	06/26/2015	004	Grant Central Office portfolio training coordinators system access to generate reports in the Federal Acquisition Institute Training Application System that track Federal Acquisition Certification in Contracting and warrant compliance for their assigned staff.	06/15/2016	06/25/2018
A150033Q9P16002 The Federal Acquisition Service Needs a Comprehensive Human Capital Plan for its Contract Specialist Workforce.	07/22/2016	002	Evaluate and update the comprehensive human capital plan on an annual basis.	10/31/2017	10/31/2017
A120026Q6P16003 IT Reseller Contracts Present Significant Challenges for GSA's Schedules Program	07/22/2016	003A	Improve price protection for IT schedule reseller contracts by: (a) Establishing controls to ensure that contracting officers obtain accurate, current, and complete manufacturer commercial sales practices information for offered items when the resellers have low or no commercial sales. The controls should ensure that the specific items involved are not awarded until commercial sales practices information is provided.	03/31/2017	12/04/2017
A120026Q6P16003 IT Reseller Contracts Present Significant Challenges for GSA's Schedules Program	07/22/2016	003B	Improve price protection for IT schedule reseller contracts by establishing controls to ensure that deviations to the Price Reductions clause do not diminish price protections and are properly approved by the Head of the Contracting Activity.	03/31/2017	12/04/2017

Internal Audits

Open OIG Recommendations Not Fully Resolved as of September 30, 2017

Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
A120026Q6P16003 IT Reseller Contracts Present Significant Challenges for GSA's Schedules Program	07/22/2016	004	Cancel IT schedule reseller contracts that do not meet the \$25,000 minimum sales requirement of the Schedules Program, focusing initially on those with no sales; or document the contract files to support decisions to maintain the contracts.	01/10/2017	12/04/2017
A120026Q6P16003 IT Reseller Contracts Present Significant Challenges for GSA's Schedules Program	07/22/2016	005	Consider increasing the \$25,000 minimum sales threshold for IT schedule reseller contracts to a level that offsets the government's cost to award and administer a schedule contract.	01/10/2017	12/04/2017
A120026Q6P16003 IT Reseller Contracts Present Significant Challenges for GSA's Schedules Program	07/22/2016	006	Consider alternatives to the current \$2,500 minimum payment clause in IT schedule reseller contracts.	03/31/2017	12/04/2017
A150009P5R16003 PBS Energy Savings Performance Contract Awards May Not Meet Savings Goals.	09/27/2016	001	Witness and independently verify baselines developed by the energy company.	GSA is awaiting approval from OIG on the submitted response package.	
A150009P5R16003 PBS Energy Savings Performance Contract Awards May Not Meet Savings Goals.	09/27/2016	001b	Document their witnessing of the energy company's on-site baseline measurements.		
A150009P5R16003 PBS Energy Savings Performance Contract Awards May Not Meet Savings Goals.	09/27/2016	002	Ensure all components of the energy-related savings calculations, including O&M savings, are accurate and can be reconciled to the task order schedules.		

Internal Audits

Open OIG Recommendations Not Fully Resolved as of September 30, 2017

Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
A150009P5R16003 PBS Energy Savings Performance Contract Awards May Not Meet Savings Goals.	09/27/2016	002b	Renegotiate O&M contracts to achieve the estimated savings on existing ESPCs with O&M savings.	GSA is awaiting approval from OIG on the submitted response package.	
A150009P5R16003 PBS Energy Savings Performance Contract Awards May Not Meet Savings Goals.	09/27/2016	002c	Develop and implement policy and procedures to confirm savings from GSA-managed O&M contracts are achievable at time of award for future ESPCs.		
A150009P5R16003 PBS Energy Savings Performance Contract Awards May Not Meet Savings Goals.	09/27/2016	003	Implement training on price reasonableness determinations for ESPC contracting, including the development and use of independent government estimates, to improve compliance with regulations and guidance.		
A150009P5R16003 PBS Energy Savings Performance Contract Awards May Not Meet Savings Goals.	09/27/2016	004	Align each ESPC task order term with the PBS Portfolio Strategy holding period for the asset.		
A150009P5R16003 PBS Energy Savings Performance Contract Awards May Not Meet Savings Goals.	09/27/2016	005	Require written justifications for not using the DOE super ESPC if GSA awards stand-alone ESPCs in the future. The ESPC Program Management Office should review and approve all such justifications.		
A150009P5R16003 PBS Energy Savings Performance Contract Awards May Not Meet Savings Goals.	09/27/2016	005b	Ensure future ESPCs comply with competition requirements for added O&M services or receive management approval for non-competitive procedures.		

Internal Audits

Open OIG Recommendations Not Fully Resolved as of September 30, 2017

Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
A150009P5R16003 PBS Energy Savings Performance Contract Awards May Not Meet Savings Goals.	09/27/2016	005c	Ensure acquisition plans for future stand-alone ESPCs are reviewed by the Head of Contracting Activity.	GSA is awaiting approval from OIG on the submitted response package.	
A150009P5R16003 PBS Energy Savings Performance Contract Awards May Not Meet Savings Goals.	09/27/2016	006	Require solicitations for future stand-alone ESPCs to state that Measurement and Verification Plans must be approved prior to contract award.		
JE17-001 Evaluation of 18F	10/24/2016	006	Establish reliable internal controls to ensure that 18F's future billings are accurate.	09/29/2017	09/29/2017
JE17-001 Evaluation of 18F	10/24/2016	007	Ensure that 18F's billing records are retained in accordance with GSA records management standards.	10/13/2017	10/13/2017

Internal Audits

Open OIG Recommendations Not Fully Resolved as of September 30, 2017

Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
<p>A150132P4R17001 GSA's Decisions to Vacate and Renovate the Leased Federal Courthouse in Pensacola Are Based on Faulty Premises.</p>	<p>10/25/2016</p>	<p>001</p>	<p>Reanalyze options for housing the tenants of the 1 North Palafox Street courthouse. As part of this analysis, PBS should: Ensure a comparison of equivalent options is reflected; Ensure the designs for the renovation, new, and leased construction options meet current building standards; Ensure the designs for the new and leased construction options comply with the U.S. Courts Design Guide; Ensure the estimated reversion values of the new and leased courthouse options are developed by an independent appraiser; ensure lease-buyout and other potential settlement costs are incorporated; and Develop and incorporate project schedules into the financial analysis that are based on historical performance of projects with similar scope or scale.</p>		<p>GSA and OIG are still negotiating on implementation efforts.</p>
<p>A150132P4R17001 GSA's Decisions to Vacate and Renovate the Leased Federal Courthouse in Pensacola Are Based on Faulty Premises.</p>	<p>10/25/2016</p>	<p>002</p>	<p>Suspend all contracts and procurements for the prospectus project until PBS secures ownership of the 1 North Palafox Street courthouse, if PBS's revised analysis demonstrates that ownership is in the best interest of the government.</p>		

Internal Audits

Open OIG Recommendations Not Fully Resolved as of September 30, 2017

Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
A150132P4R17001 GSA's Decisions to Vacate and Renovate the Leased Federal Courthouse in Pensacola Are Based on Faulty Premises.	10/25/2016	003	Develop and implement a solution to address the tenants' security, privacy, and storage concerns at the 25 West Government Street leased space.	GSA and OIG are still negotiating on implementation efforts.	
A150132P4R17001 GSA's Decisions to Vacate and Renovate the Leased Federal Courthouse in Pensacola Are Based on Faulty Premises.	10/25/2016	004	Implement an interim solution to address security, water intrusion, and mold issues, as well as sanitary conditions; at the 1 North Palafox Street courthouse.		
A130003P2R17002 Procurement and Internal Control Issues Exist within PBS's Brooklyn/Queens/Long Island Service Center	01/20/2017	006	Determine the corrective actions needed to remediate the missing and incorrect documents that were identified by the audit team's review of the contract files.	09/11/2017	11/10/2017
A160037Q3P17001 Audit of Price Evaluations and Negotiations for the Professional Services Schedule Contracts	03/21/2017	001	Direct the Office of Professional Services and Human Capital Categories to perform a formal price analysis on PSS migrated contracts to determine if the contract pricing is fair and reasonable.	07/31/2017	07/31/2017
A160037Q3P17001 Audit of Price Evaluations and Negotiations for the Professional Services Schedule Contracts	03/21/2017	002	Direct the Office of Professional Services and Human Capital Categories to discontinue the use of the "Pre and Price Negotiation Memorandum" template and use the separate Pre-Negotiation Memorandum and Price Negotiation Memorandum mandated by FAS Instructional Letter 2011-02.	07/31/2017	07/31/2017

Internal Audits

Open OIG Recommendations Not Fully Resolved as of September 30, 2017

Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
A160037Q3P17001 Audit of Price Evaluations and Negotiations for the Professional Services Schedule Contracts	03/21/2017	003	Develop and issue guidance to contracting staff on documenting detailed price analyses, including reviews of comparable labor categories and rates, in order to support contracting actions in the contract file.	12/29/2017	12/29/2017
A160024PRR17004 Audit of PBS's Planning and Funding for Exchange Projects	03/30/2017	001	Update exchange guidance to: a. Require financial and business case analyses that fully quantify risk for all potential exchanges when making the decision to exchange, dispose of, or retain a property. If an exchange is pursued, require that PBS continue to quantify risk throughout the project; b. Address funding for change orders, support costs, and funding shortages; as well as the use of cash equalization; and c. Require PBS to estimate support costs and identify funding sources when planning an exchange.	09/29/2017	12/29/2017
A170016P6R17005 The Robert A. Young Federal Building Needs Vehicle Collision Prevention Controls	05/10/2017	001	Immediately install barriers or other vehicle collision prevention controls on the RAY building's north side and northeast corner.	GSA is awaiting approval from OIG on the submitted response package.	
A170016P6R17005 The Robert A. Young Federal Building Needs Vehicle Collision Prevention Controls	05/10/2017	002	Assess the overall building site to ensure that it is adequately protected from vehicular threats.		

Internal Audits

Open OIG Recommendations Not Fully Resolved as of September 30, 2017

Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
A160118Q3P17003 GSA Lacks Controls to Effectively Administer the Computers for Learning Website	07/13/2017	001	Design and implement controls that prevent ineligible organizations from being granted access to GSA's CFL website and receiving donated IT equipment intended for eligible schools and educational nonprofit organizations.		GSA is awaiting approval from OIG on the submitted response package.
A160118Q3P17003 GSA Lacks Controls to Effectively Administer the Computers for Learning Website	07/13/2017	002	Establish a requirement that federal agencies be informed of their responsibility to validate an organization's eligibility prior to making donations using GSA's CFL website.		
A160112OTF17002 Limited Scope Audit of the System Security Controls for Enterprise Acquisition System Integrated (EASi)	08/09/2017	001	Ensure that the security control weaknesses identified in our audit are mitigated in accordance with applicable standards, guidelines, and recommendations established by NIST and CIS.		GSA is awaiting approval from OIG on the submitted response package.
A160112OTF17002 Limited Scope Audit of the System Security Controls for Enterprise Acquisition System Integrated (EASi)	08/09/2017	002	Review and apply GSA's IT baseline security hardening requirements to EASi's server operating systems, web application, and database.		
A150009P5R17006 PBS National Capital Region's \$1.2 Billion Energy Savings Performance Contract for White Oak was Not Awarded or Modified in Accordance with Regulations and Policy	08/24/2017	001	Take immediate action to expedite the procurement of a new O&M contract that adheres to competition requirements specified in the Competition in Contracting Act of 1984 and the Federal Acquisition Regulation.		GSA is developing its response package for submission to OIG.

Internal Audits

Open OIG Recommendations Not Fully Resolved as of September 30, 2017

Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
A150009P5R17006 PBS National Capital Region's \$1.2 Billion Energy Savings Performance Contract for White Oak was Not Awarded or Modified in Accordance with Regulations and Policy	08/24/2017	002	Determine and implement the appropriate corrective action needed for PBS NCR personnel's non-compliance with competition requirements.		
A150009P5R17006 PBS National Capital Region's \$1.2 Billion Energy Savings Performance Contract for White Oak was Not Awarded or Modified in Accordance with Regulations and Policy	08/24/2017	003	Institute the necessary management controls to ensure that procurements for the campus comply with the Competition in Contracting Act of 1984 and Federal Acquisition Regulation 6.3.		
A150009P5R17006 PBS National Capital Region's \$1.2 Billion Energy Savings Performance Contract for White Oak was Not Awarded or Modified in Accordance with Regulations and Policy	08/24/2017	004A	Implement internal controls to ensure ESPCs comply with DOE regulations and guidance including verifying that costs of implementing energy conservation measures are paid for from the resulting cost savings.		GSA is developing its response package for submission to OIG.
A150009P5R17006 PBS National Capital Region's \$1.2 Billion Energy Savings Performance Contract for White Oak was Not Awarded or Modified in Accordance with Regulations and Policy	08/24/2017	004B	Implement internal controls to ensure ESPCs comply with DOE regulations and guidance including witnessing and independently verifying that baselines developed by the energy company are accurate.		
A150009P5R17006 PBS National Capital Region's \$1.2 Billion Energy Savings Performance Contract for White Oak was Not Awarded or Modified in Accordance with Regulations and Policy	08/24/2017	004C	Implement internal controls to ensure ESPCs comply with DOE regulations and guidance including verifying that the financial Selection Memorandum from the energy company is certified as being the best value for the government.		

Internal Audits

Open OIG Recommendations Not Fully Resolved as of September 30, 2017

Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
A150009P5R17006 PBS National Capital Region's \$1.2 Billion Energy Savings Performance Contract for White Oak was Not Awarded or Modified in Accordance with Regulations and Policy	08/24/2017	005A	Implement training for PBS NCR personnel responsible for the preparation of acquisition plans.	GSA is developing its response package for submission to OIG.	
A150009P5R17006 PBS National Capital Region's \$1.2 Billion Energy Savings Performance Contract for White Oak was Not Awarded or Modified in Accordance with Regulations and Policy	08/24/2017	005B	Implement training for PBS NCR personnel responsible for price reasonableness determinations for ESPC contracting, including the development and use of independent government estimates.		
A150009P5R17006 PBS National Capital Region's \$1.2 Billion Energy Savings Performance Contract for White Oak was Not Awarded or Modified in Accordance with Regulations and Policy	08/24/2017	005C	Implement training for PBS NCR personnel responsible for Contract file documentation requirements.		
A150009P5R17006 PBS National Capital Region's \$1.2 Billion Energy Savings Performance Contract for White Oak was Not Awarded or Modified in Accordance with Regulations and Policy	08/24/2017	005D	Implement training for PBS NCR personnel responsible for Compliance with requirements to hold a Preaward Review Board review prior to award, or if waived, a Postaward Review Board review for applicable task orders.		
A150009P5R17006 PBS National Capital Region's \$1.2 Billion Energy Savings Performance Contract for White Oak was Not Awarded or Modified in Accordance with Regulations and Policy	08/24/2017	006	Once the procurement of a new O&M contract is secured, as stated in Finding 1, include the Limitation of Government Obligation clause on all non-ESPC O&M services.		

Internal Audits

Open OIG Recommendations Not Fully Resolved as of September 30, 2017

Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
A170025QTP17004 Audit of Limited Scope Audit of GSA's Centralized Household Goods Traffic Management Program Tariff and Tender of Service	09/28/2017	001	Delete the shuttle service exception.		
A170025QTP17004 Audit of Limited Scope Audit of GSA's Centralized Household Goods Traffic Management Program Tariff and Tender of Service	09/28/2017	002	Determine if the tariff needs a new provision to address the use of a smaller truck.		GSA is developing its response package for submission to OIG.

Glossary of Terms

The following definitions, based on the Inspector General Act Amendment of 1978, apply to terms used in this Semiannual Management Report:

Questioned Costs. Costs questioned by the OIG as a result of:

- an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds;
- a finding that, at the time of an audit, such cost is not supported by adequate documentation;
- a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

Disallowed Cost. Questioned costs that GSA management in a management decision sustained or agreed should not be charged to the Government.

Recommendation that Funds be Put to Better Use. A recommendation by the OIG that funds could be used more efficiently if management took action to implement and complete the recommendations, including:

- reductions in outlays;
- de-obligation of funds from programs or operations;
- withdrawal of interest subsidy costs on loans or loan guarantees, insurance or bonds;
- costs not incurred by implementing recommended improvements related to the operations of the establishment, a contractor or grantee;
- avoidance of unnecessary expenditures noted in pre-award reviews of contract or grant agreements;
- any other savings that are identified specifically.

Management Decision. The evaluation by management of the findings and recommendations included in an audit report and the issuance of a final decision by management and concurrence by the OIG concerning its response to such findings and recommendations, including planned corrective actions to remedy weaknesses identified in the report.

Final Action. The completions of all actions that GSA management concluded in its management decision were necessary with respect to the findings and recommendations included in the audit report. In the event that GSA concluded no action was necessary, final action occurred when the management decision was made.

Glossary of Terms

Management Actions - Questioned Costs. The following is a list of the different management actions used by GSA management to resolve questioned costs in an audit report.

- **Audit reports on which management decisions were made during the period:** Data pertaining to the number of audit reports on which management decisions were made during the period and the associated amount of disallowed costs was furnished by the OIG.
- **Write-offs:** For the purposes of this report, write-offs are interpreted to represent the difference between the disallowed cost and the amount successfully recovered.

Management Actions - Better Use Funds. The following is a list of the different management actions used by GSA management to resolve the "better use" of funds in an audit report.

- **Better Use Funds:** The figure represents amounts cited as "cost avoidance" and "funds to be put to better use," as agreed to by GSA management and the OIG. Prior to April 1990, no funds were identified by the OIG specifically as "funds to be put to better use," and no management decisions were issued based on the consideration of "better use" of funds.
- **Budget Impact Funds:** Funds identified as "budget impact" involve the obligation process. Audit-related savings of these funds, depending on the particular fund involved, may be available for reprogramming.
- **No Budget Impact Funds:** Funds identified as "no budget impact" are composed of estimated and actual amounts, and do not involve obligated monies, and, therefore, cannot be construed as having a material effect on GSA's appropriated funds.
- **Audit reports on which management decisions were made during the period:** Data pertaining to the number of audit reports on which management decisions were made during the period and the associated dollar amounts agreed to by management were furnished by the OIG.
- **Value of recommendations that management concluded should not or could not be calculable:** Management was unable to determine the award amounts and "better use funds" implemented since the amount is included in the overall award to the prime contractor and savings could not be determined.



U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

October 19, 2017

MEMORANDUM FOR THERESA OTTERY
DIRECTOR
GAO/IG AUDIT MANAGEMENT DIVISION (H1G)

FROM: *LL Blanchard*
LISA L. BLANCHARD
DIRECTOR
AUDIT PLANNING, POLICY, AND OPERATIONS STAFF (JAO)

SUBJECT: Semiannual Report to the Congress on the Number
of Management Decisions

This memo is intended to relate the total management decisions for the period April 1, 2017 through September 30, 2017. The totals are based on H1G/JA Data Match Report, dated October 10, 2017 and JA's AIS database. The OIG's management decision statistics are, as follows:

Type of Audit	Number of Audits	Amount of Better Use Funds	Amount of Disallowed Cost
Preaward	23	\$ 108,031,741	\$ 1,560,609
Postaward	1	\$ 0	\$ 19,277
Internal	8	\$ 0	\$ 0
Totals	32	\$ 108,031,741	\$ 1,579,886

Please acknowledge your agreement of the statistics by signing below and returning to JAO as soon as possible.

Name: *[Signature]*
Title: Director - ~~Exec Sec~~ Audit/Int
Date: 10/19/17

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