



U.S. General Services Administration

ADMINISTRATOR'S SEMIANNUAL MANAGEMENT REPORT TO CONGRESS

REPORT NO. 58
OCTOBER 1, 2017 – MARCH 31, 2018



U.S. General Services Administration

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May 2018

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Message from the Administrator

I am pleased to provide this *Semiannual Management Report to the Congress* summarizing the activities and accomplishments of the U.S. General Services Administration (GSA) for the six-month period ending March 31, 2018.

GSA's responsibility for providing critical, cost-effective real estate, acquisition, technology, and other mission-support services across Government requires that GSA be highly effective and efficient in managing its work and programs. Quite simply, the more effective we are at our work, the better able we are to help other Federal agencies fulfill their mission needs on behalf of the American public.

For this reason, I established a new audit resolution oversight process to hold GSA managers, executives, and supervisors accountable for ensuring the timely development and implementation of corrective actions. To support this process, we are developing new data analysis tools and improving audit tracking to permit GSA to better manage program risks. These enhancements will help GSA to address agency issues and risks in a more integrated, comprehensive manner.

During the six-month period covered by this report, GSA took final action on 37 contract audits, both pre-award and post-award. GSA's actions in total represent the recovery of \$1,383,593 in Government funds and the identification of \$199,467,843 in potential future savings. Additionally, GSA resolved several important management audits and is including the following among our accomplishments:

- Revised exchange project funding and handling guidance, including extended congressional communications from project commencement through completion;
- Finalized human capital strategic plans for the Federal Acquisition Service workforce for 2018-2020, and developed accompanying initiatives for workforce transformation for contract specialists;
- Ensured the accuracy of energy-related calculations by establishing a baseline for Energy Savings Performance Contracts (ESPC); in addition, implemented procedures to confirm that savings from GSA-managed operations and maintenance contracts are achievable at time of award for future ESPCs, reflect price reasonableness of the overall project, and align with Portfolio Strategy;
- Undertook several initiatives to reduce Government price variability and provide greater transparency into what is being offered and purchased and at what price;
- Established performance measurements and training to accommodate pricing methodologies, and implemented controls to ensure that deviations to Price Reductions Clauses are appropriately approved and do not diminish price protections; and
- Achieved cost savings by amending the Household Goods Tender of Service to permit use of smaller transport equipment and ensure appropriate charging of services provided.

GSA employees are committed to providing our customer agencies with maximum value on behalf of the American taxpayer. We value the work and insights of the Office of the Inspector General (GSA OIG) in helping accomplish this goal, and look forward to continued work with the GSA OIG and Congress to help Government be more responsive for the American taxpayer.



Overview

This report, GSA's 58th 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. 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 General Services directs the execution of all GSA functions. Members of the Administrator's office, as well as Regional Administrators and Heads of Services and Staff Offices, advise and make recommendations on policy or operational issues of national scope. Heads of Services and Staff Offices are also responsible for execution of programs and services within their offices, under the leadership of the Administrator.

Organization of Audit Follow-Up Program

GSA has effective systems in place for tracking and managing audit recommendations, and enhancement and modification of these systems is underway. In addition, GSA's senior management is committed to ensuring that appropriate corrective action is taken and works with supervisors and program managers who develop remedies to identified vulnerabilities and report progress in implementing solutions. 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. The responsibilities of GSA officials involved in the audit follow-up process are described 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 follow-up system, monitoring the resolution of audit recommendations, and ensuring the prompt implementation of corrective actions. The incumbent in this position also makes final decisions to resolve differences between agency management and the OIG.

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 are as follows:

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

Heads of Services and Staff Offices, Regional Administrators

Heads of Services and Staff Offices and Regional Administrators to whom audit recommendations pertain have primary responsibility for resolving and implementing recommendations promptly, and for the following:

- Ensure controls are implemented to provide timely, accurate, and complete responses to audit reports;
- Develop, advocate, and document agency positions on audit recommendations;
- Prepare responses for OIG and GAO draft and final reports;
- Provide comments on audit decision papers prepared by the OIG to ensure that management's position on unresolved audit recommendations is properly stated.

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 GSA OIG.

This report covers the period of October 1, 2017, through March 31, 2018. As required by statute, this report includes 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 October 1, 2017, GSA had 122 contract and internal audit reports pending final action. These reports contained financial recommendations totaling \$786,253,615 (section A, pages 8 and 9).

- 109 contract audits reflect financial recommendations totaling \$786,253,615.
- 13 internal audits contained no financial recommendations.

Between October 1, 2017, and March 31, 2018, GSA finalized management decisions on 31 audit reports concerning nationwide GSA programs and operations.

- In 22 of these audits, a total of \$10,111,053 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 (section B, page 8).
- In 20 of the 31 audits, it was recommended that \$292,651,662 could be used more effectively (better use funds) if management took action to implement and complete the OIG recommendations¹ (section B, page 9; also see Appendix).

During this 6-month reporting period, GSA successfully took final action on 37 audits. These audits represent the potential recovery of \$5,606,669 (section C, page 8) in Government funds and the identification of \$199,467,843 in potential future savings (section C, page 9).

As of March 31, 2018, GSA had 113 open audit reports. Three of these audits involve claims under appeal or in litigation.

¹ The Appendix reflects management decisions from reports issued to GSA from the GSA OIG Office of Audits. The above count indicates all reports issued to GSA from both the GSA OIG Office of Audits and GSA OIG Office of Inspections.

Audits with Disallowed Costs

Final action for the six-month period Ending MARCH 31, 2018	Number of Audit Reports	Disallowed Costs
A. Audit reports for which final action had not been taken by the commencement of the reporting period.	122	\$57,412,203
B. Audit reports on which GSA/OIG management decisions were made during the reporting period.	31	\$10,111,053
C. Audit reports on which final action was taken during the reporting period.	37	\$5,606,669
<i>(i) the dollar value of disallowed costs</i>		\$1,383,593
- collections.....		\$1,085,637
- offset		\$105,026
- property in lieu of cash...		\$0
- surplus		\$192,929
- other		\$1
<i>(ii) the dollar value of disallowed costs that were written off by management.</i>		\$4,223,076
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.	113	\$ 59,845,477

Audits with Better Use Funds (Potential Cost Savings)

<u>Final action for the six-month Ending MARCH 31, 2018</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.	122	\$716,561,750	\$0
B. Audit reports on which management decisions were made during the reporting period.	31	\$292,651,662	\$0
C. Audit reports on which final action was taken during the reporting period.	37	\$199,476,843	(\$2,170,755) ²
<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>		\$201,647,598	
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.	113	\$843,913,291	\$0

² Total award amount GSA to pay to vendors according to Civilian Board of Contract Appeals decisions in cases 5449 and 4539/4545.

Audits under Appeal/Litigation

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	
		Disallowed Costs	Better Use Funds
A140116P4X15016 City Lights Electrical Company, Inc.	01/30/2015	\$0	
A140118P4X16005 N.B. Kenney Company, Inc.	11/13/2015	\$0	
A140110P4X15003 Suffolk Construction Company, Inc.	11/10/2014	\$0	

Contract Audits

Audits with Management Decisions made prior to March 31, 2017, but with Final Action not taken as of March 31, 2018

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 Trilogy Project: Computer Sciences Corporation	12/29/2008	\$14,951,923		Investigation in process - An investigation was opened by the Department of Justice regarding actions taken by the 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		Price/settlement negotiated - Negotiations have been completed 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
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

Contract Audits

Audits with Management Decisions made prior to March 31, 2017, but with Final Action not taken as of March 31, 2018

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	
A130136Q3X14026 Fisher Scientific Company LLC	04/14/2014	\$0		In negotiation - Negotiations are proceeding between Contracting Officer
A110139Q9X14028 Alaska Structures, Incorporated	04/24/2014	\$1,999,255		Investigation in process - An investigation was opened by the Department of Justice 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
A130116Q3X14053 Management Concepts, Inc.	07/29/2014	\$14,121		Price/settlement negotiated - Negotiations have been completed 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

Contract Audits

Audits with Management Decisions made prior to March 31, 2017, but with Final Action not taken as of March 31, 2018

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	
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
A140074Q6X15037 TASC, Inc.	06/10/2015	\$1,886,901		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
A150083QAX16004 LCG Systems, LLC	11/10/2015	\$149,663		Price/settlement negotiated - Negotiations have been completed between Contracting Officer and contractor
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 March 31, 2017, but with Final Action not taken as of March 31, 2018

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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	
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	\$1,850,081		Price/settlement negotiated - Negotiations have been completed between Contracting Officer and contractor
A140055Q2X16013 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 March 31, 2017, but with Final Action not taken as of March 31, 2018

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	
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
A140147P2X16030 ASM Mechanical Systems, Inc.	03/30/2016	\$1,120,928		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

Contract Audits

Audits with Management Decisions made prior to March 31, 2017, but with Final Action not taken as of March 31, 2018

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	
A150073Q2X16040 Simmonds Precision Products, Inc.	05/23/2016	\$531		Price/settlement negotiated - Negotiations have been completed between Contracting Officer and contractor
A150085Q9X16043 Mathematica Policy Research, Inc.	06/24/2016	\$172,827		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A150087Q5X16050 LC Industries	07/21/2016	\$83,268		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A150080Q2X16052 Connecticut Container Corporation	07/27/2016	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A150107Q6X16056 Radiance Technologies, Inc.	08/04/2016	\$529,097		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A160046Q6X16057 Franconia Real Estate Services, Inc.	08/05/2016	\$1,387		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A160039Q3X16055 Carahsoft Technology Corporation	08/08/2016	\$0		Price/settlement negotiated - Negotiations have been completed between Contracting Officer and contractor

Contract Audits

Audits with Management Decisions made prior to March 31, 2017, but with Final Action not taken as of March 31, 2018

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	
A150050Q5X16060 Trane U.S. Inc.	08/19/2016	\$2,137		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A160017Q5X16064 PotomacWave Consulting, Inc.	08/29/2016	\$91,426		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A160061Q5X16067 SkillSoft Corporation	09/08/2016	\$71,274		Price/settlement negotiated - Negotiations have been completed between Contracting Officer and contractor
A160027Q7X16068 Agilent Technologies, Inc.	09/08/2016	\$3,352		Price/settlement negotiated - Negotiations have been completed between Contracting Officer and contractor
A160049Q7X16071 Parsons Government Services, Inc.	09/14/2016	\$49,989		Price/settlement negotiated - Negotiations have been completed between Contracting Officer and contractor
A160068Q3X16072 Knight Point Systems, LLC	09/15/2016	\$23,009		Price/settlement negotiated - Negotiations have been completed between Contracting Officer and contractor

Contract Audits

Audits with Management Decisions made prior to March 31, 2017, but with Final Action not taken as of March 31, 2018

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	
A160093Q7X16074 United Liquid Gas Company	09/19/2016	\$3,321,947		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A160021Q9X16075 ForeSee Results, Inc.	09/28/2016	\$874,127		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A140053Q2X16076 EMCOR Government Services, Inc.	09/29/2016	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A160033Q3X17001 Bentley Systems, Inc.	10/07/2016	\$99,279		Price/settlement negotiated - Negotiations have been completed between Contracting Officer and contractor
A150083QAX17005 LCG Systems, LLC	10/13/2016	\$832,697		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A150094Q6X17006 KeyPoint Government Solutions, Inc.	10/17/2016	\$370,955		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A140133Q9X17007 ARES Corporation	10/27/2016	\$2,524,644		In negotiation - Negotiations are proceeding between Contracting Officer and contractor

Contract Audits

Audits with Management Decisions made prior to March 31, 2017, but with Final Action not taken as of March 31, 2018

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	
A160080Q3X17012 Client Solutions Architects, LLC.	11/22/2016	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A150059P4X17013 PDS MICCO JV2, LLC	11/29/2016	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A160078QAX17014 International Resources Group	11/30/2016	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A140162P6X17016 Satellite Services, Inc.	12/21/2016	\$93,173		Unresolved - Agreement has not been reached between OIG and Contracting Officer on the Decision Record
A150111Q6X17017 EAN Holdings, LLC	12/27/2016	\$1,915,085		Unresolved - Agreement has not been reached between OIG and Contracting Officer on the Decision Record
A120149Q4X17015 Lockheed Martin Integrated Systems, Incorporated	12/29/2016	\$12,221,921		In negotiation - Negotiations are proceeding between Contracting Officer and contractor

Contract Audits

Audits with Management Decisions made prior to March 31, 2017, but with Final Action not taken as of March 31, 2018

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	
A160075Q5X17018 Ecolab, Inc.	01/04/2017	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A140112Q4X17020 Leidos, Inc.	01/20/2017	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A160095Q9X17022 Ogilvy Public Relations Worldwide	01/24/2017	\$29,766		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A150102Q2X17024 Riverside Research Institute	01/25/2017	\$4,217		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A160074P4X17023 ARRIBA Corporation	01/26/2017	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A160059Q5X17025 National Opinion Research Center	01/30/2017	\$203,224		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A160104P5X17028 M. A. Mortenson Company	02/22/2017	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor

Contract Audits

Audits with Management Decisions made prior to March 31, 2017, but with Final Action not taken as of March 31, 2018

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	
A160111Q3X17029 Ambit Group, LLC	03/03/2017	\$1,075		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A160135Q7X17030 SecTek Incorporated	03/17/2017	\$612,910		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A150001Q2X17033 Noble Sales Co., Inc.	03/30/2017	\$285,906		In negotiation - Negotiations are proceeding between Contracting Officer and contractor

Internal Audits

Audits with Management Decisions made prior to March 31, 2017, but with Final Action not taken as of March 31, 2018

Financial recommendations are not included for contract awards 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
A130003P2R17002 Procurement and Internal Control Issues Exist within PBS's Brooklyn/Queens/ Long Island Service Center	01/20/2017	\$0		Audit is in the Implementation Stage	04/28/2018

Internal Audits

Open OIG Recommendations Not Fully Resolved as of March 31, 2018

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
A130019C6F15001 GSA's Program for Managing Virtual Employees and Teleworkers Needs Improvement ³	01/16/2015	002	Verify official duty stations for all virtual employees and correct any errors, including collection of amounts owed or payment of amounts due.	09/30/2015	08/31/2018
A130019C6F15001 GSA's Program for Managing Virtual Employees and Teleworkers Needs Improvement ³	01/16/2015	005	Ensure that GSA employees complete required telework training in accordance with GSA policy prior to beginning or continuing to telework. Employees failing to complete all required telework training within a reasonable time period should be removed from telework.	08/31/2015	06/29/2018
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
A150120P2R16002 PBS is not Enforcing Contract Security Clearance Requirements on a Project at the Keating Federal Building ³	03/17/2016	003	Direct management in PBS's Upstate Service Center to determine and implement the appropriate corrective actions needed for not enforcing the contract's security clearance requirements.	09/26/2016	04/30/2018

³ Recommendations reopened based on results of an OIG Implementation Review.

Internal Audits

Open OIG Recommendations Not Fully Resolved as of March 31, 2018

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
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.	09/11/2017	04/28/2018
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.	02/28/2018	09/28/2018
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.	08/01/2018	08/01/2018
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 the National Institute of Standards and Technology and the Center for Internet Security.	06/29/2018	06/29/2018
A160112OTF17002 Limited Scope Audit of the System Security Controls for Enterprise Acquisition System Integrated (EASi)	08/09/2017	002	Review and apply GSA's Information Technology baseline security hardening requirements to EASi's server operating systems, web application, and database.	06/29/2018	06/29/2018

Internal Audits

Open OIG Recommendations Not Fully Resolved as of March 31, 2018

Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due	Current Due
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 OIG is working with GSA to achieve an approved audit resolution package.	
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		
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.		
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.		

Internal Audits

Open OIG Recommendations Not Fully Resolved as of March 31, 2018

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	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.	GSA OIG is working with GSA to achieve an approved audit resolution package.	
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.		
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 [ESPC] Regulations and Policy	08/24/2017	005D	Implement training for PBS NCR personnel responsible for Compliance with requirements to hold a Pre-award Review Board review prior to award, or if waived, a Post-award Review Board review for applicable task orders.		

Internal Audits

Open OIG Recommendations Not Fully Resolved as of March 31, 2018

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	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.	GSA OIG is working with GSA to achieve an approved audit resolution package.	
A150150BRF18001 Audit of the Completeness, Timeliness, Quality, and Accuracy of GSA's 2017 DATA Act Submission	11/08/2017	001	Consistently apply the DATA Act elements and definitions applicable to GSA throughout Agency procurements.	09/28/2018	09/28/2018
A150150BRF18001 Audit of the Completeness, Timeliness, Quality, and Accuracy of GSA's 2017 DATA Act Submission	11/08/2017	002	Incorporate DATA Act elements into routine reviews similar to GSA's annual verification and validation efforts of FPDS-NG data.	07/31/2018	07/31/2018
A150150BRF18001 Audit of the Completeness, Timeliness, Quality, and Accuracy of GSA's 2017 DATA Act Submission	11/08/2017	003	Work with DATA Act stakeholders to correct Government-wide issues.	06/29/2018	06/29/2018
A160101O7F18002 GSA Should Monitor and Track Facility Security Assessments	12/04/2017	001A	Implement policies and procedures to monitor and track facility security assessment reports. This should include developing an automated methodology to track whether PBS received the facility security assessment reports.	11/30/2018	11/30/2018
A160101O7F18002 GSA Should Monitor and Track Facility Security Assessments	12/04/2017	002	Require training for PBS property managers on the use of facility security assessment reports.	11/30/2018	11/30/2018
A170024OTF18003 Limited Scope Audit of the Technical Security Controls for the FAS Sales Reporting Portal	01/19/2018	001	Ensure that the missing software updates are applied to the SRP system environment in accordance with NIST, GSA's Information Technology Security Policy, and GSA IT procedural guides.	GSA response submitted; awaiting OIG-approved audit resolution package.	

Internal Audits

Open OIG Recommendations Not Fully Resolved as of March 31, 2018

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
A170024OTF18003 Limited Scope Audit of the Technical Security Controls for the FAS Sales Reporting Portal	01/19/2018	002	Ensure that future software patches are applied to the SRP system environment in a timely manner in accordance with NIST, GSA's Information Technology Security Policy, and GSA IT procedural guides.		GSA response submitted; awaiting OIG-approved audit resolution package.
A170024OTF18003 Limited Scope Audit of the Technical Security Controls for the FAS Sales Reporting Portal	01/19/2018	003	Ensure that the technical security control configuration weaknesses identified in this audit report are mitigated in accordance with recommendations established by NIST, CIS, and GSA IT.		
JE18-002 - Evaluation of GSA Nondisclosure Policy	03/08/2018	001	GSA's leadership should include the anti-gag provision required by the Whistleblower Protection Enhancement Act of 2012 in GSA's order on congressional and intergovernmental inquiries and relations.		GSA response submitted; awaiting OIG-approved audit resolution package.
JE18-002 - Evaluation of GSA Nondisclosure Policy	03/08/2018	002	GSA's leadership should clarify GSA's policy on communications with Members of Congress in GSA's order on congressional and intergovernmental inquiries and relations.		
A140006Q6P18001 Audit of the GSA Federal Acquisition Service's Use of Outside Consultants	03/22/2018	001	The FAS Commissioner implement controls to ensure that all FAS contracting actions for consulting services comply with the FAR and FAS policies and procedures.		GSA's response to the OIG Final Report to be submitted by due date of 05/18/2018.

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 matched with 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.



**Office of Audits
Office of Inspector General
U.S. General Services Administration**

April 17, 2018

MEMORANDUM FOR THERESA OTTERY
DIRECTOR
AUDIT MANAGEMENT DIVISION (H1EB)

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

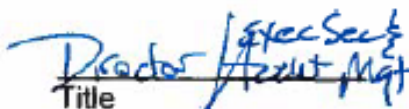
SUBJECT: Semiannual Report to the Congress on the Number
of Management Decisions

This memo is intended to relate the total management decisions for the period October 1, 2017 through March 31, 2018. The totals are based on H1EB/JA Data Match Report, dated April 11, 2018 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	20	\$ 292,651,662	\$ 9,216,203
Postaward	2	\$ 0	\$ 894,850
Internal	8	\$ 0	\$ 0
Totals	30	\$ 292,651,662	\$ 10,111,053

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


Name


Title

4.17.18
Date



U.S. General Services Administration

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Washington, DC 20405

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