



U.S. General Services Administration

# Administrator's Semiannual Management Report to the Congress



**Report No.51**  
April 1, 2014  
to September 30, 2014

## U.S. General Services Administration

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## Synopsis of Audit Activity

In accordance with the Inspector General Act of 1978, as amended, the Administrator is required to report directly to the 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 semiannual management reporting period of April 1, 2014, through September 30, 2014.

The report provides a summary of:

- Cases where final action has not been taken on audits one year after the date of the management decision.
- Implementation of the recommendations by GSA management contained in audit reports issued by the OIG.

At the commencement of this semiannual management reporting period, there were audit reports with disallowed costs, audits with better use funds, and audits with both disallowed cost and better use funds. During the reporting period, a total of 177 audit reports were pending final action containing financial recommendations totaling \$2,144,912,232. There were 170 contract audits with financial recommendations totaling \$2,144,788,464 and 7 internal audits with financial recommendations totaling \$123,768.

During the reporting period, management decisions were made on 42 audit reports concerning nationwide GSA programs and operations.

Of the 42 audits, 13 of these audits found \$15,733,592 in pre-award, post-award contracts and internal program spending that was incorrectly charged to the Government (known as disallowed costs). Of the 42 audits, 29 audits recommended that \$263,997,152 could be used more efficiently (known as funds to be put to better use) if management took action to implement and complete the OIG recommendations. This information is disclosed in Appendix A of this report.

During the six-month period, GSA was able to successfully take final action on a total of 62 audits. These audits represent the recovery of \$4,508,153 in Government funds and the identification of \$434,728,497 in potential future savings.

As of September 30, 2014, 157 audit reports remained open. There are several audits involving claims under appeal or litigation during this reporting period.

## Overview

This report, submitted pursuant to the Inspector General Act of 1978, as amended, presents management's perspective on audit resolution and follow-up activity at GSA for the period beginning April 1, 2014, through September 30, 2014. This is the agency's 51st report to the Congress since the implementation of the Act (Public Law 100-504). The data in the report indicates that GSA's audit follow-up efforts continue to play a significant role in the effective management of the agency's operations and the accomplishment of its mission which results in better use of Taxpayer's dollars.

### **U.S. General Services Administration Organization**

GSA is organized around two major business functions represented by the Federal Acquisition Service and the Public Buildings Service. In addition, GSA houses the Office of Government-wide Policy, the Office of Citizen Services and Innovative Technologies, and a number of Staff Offices that provide support to the other GSA organizations. There are 11 regions in the GSA structure.

The Administrator of GSA directs the execution of all GSA functions. Members of his 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. They are also responsible for execution of programs and services within their service, region or staff office, under the leadership of the Administrator.

## Organization of Audit Follow-Up Program

GSA has effective systems in place for keeping track of audit recommendations. In addition, GSA senior management is committed to ensuring that appropriate corrective action is taken. Agency managers have the responsibility to act upon the auditor's recommendations, with the audit resolution process being supervised by the agency 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 audit follow-up activity. As such, she/he 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. She/he 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 in implementing audit recommendations.

### Heads of Services and Staff Offices and 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. 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 Ending SEPTEMBER 30, 2014	Number of Audit Reports	Disallowed Costs
A. Audit reports for which final action had not been taken by the commencement of the reporting period.	70	\$53,021,557
B. Audit reports on which GSA/OIG management decisions were made during the reporting period.	13	\$15,733,592
C. Audit reports on which final action was taken during the reporting period.	13	\$4,508,153
<i>(i) the dollar value of disallowed costs</i>		\$2,144,705
- collections.....	\$1,575,295	
- offset .....	\$0	
- property in lieu of cash...	\$0	
- surplus .....	\$0	
- other .....	\$569,410	
<i>(ii) the dollar value of disallowed costs that were written off by management.</i>		\$2,363,448
D. Audit reports for which no final action has been taken by the end of the reporting period.	70	\$64,246,996

## Audits with Better Use Funds

<u>Final action for the six-month Ending SEPTEMBER 30, 2014</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	107	\$2,091,890,675	\$0
B. Audit reports on which GSA/OIG management decisions were made during the reporting period.	29	\$263,997,152	\$0
C. Audit reports on which final action was taken during the reporting period.	49	\$434,728,497	\$0
<i>(i) the actual dollar value of recommendations that were actually completed.</i>		\$11,647,374	\$0
<i>(ii) the actual dollar value of recommendations that management has subsequently concluded should not or could not be implemented or completed.</i>		\$11,332,442	\$0
<i>(iii) the actual dollar value of recommendations that management has subsequently concluded should not or could not be determined (calculated).</i>		0	\$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>		\$434,413,565	\$0
D. Audit reports for which no final action has been taken by the end of the reporting period.	87	\$1,921,159,330	\$0



## Internal Audits

### Audits with Management Decisions made prior to September 30, 2013, but with Final Action not taken as of September 30, 2014

REPORT NUMBER TITLE OF REPORT	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION	PROJECTED COMPLETION DATE
		Disallowed Costs	Better Use Funds		
A090172PRR11013 Recovery Act Report - GT "Mickey" Leland Federal Building Renovation Project: Construction Contract Audit of PBS's Major Construction and Modernization Projects Funded by The American Recovery and Reinvestment Act of 2009	08/19/2011	\$0	\$0	Audit is in the implementation stage	12/31/2014
A110100Q9P12009 Audit of Management Controls Within the Network Services Division Pacific Rim Region, Federal Acquisition Service	05/30/2012	\$0	\$0	Audit is in the implementation stage	03/31/2015
A110095QFP11008 FY 2011 Office of Inspector General Information Technology Security Audit of the SmartPay	09/30/2011	\$0	\$0	Audit is in the implementation stage	01/15/2015
A090184PRR12008 Recovery Act Report - Contract Administration for Group 10 Review of PBS's Limited Scope and Small Construction Projects Funded by the American Recovery and Reinvestment Act of 2009	04/09/2014	\$0	\$0	Audit is under implementation review. Corrective action plan pending.	09/30/2014

## Audits under Appeal/Litigation

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS	
		Disallowed Costs	Better Use Funds
A100213P9X11023 Cobb Mechanical Contractors, Colorado Springs, CO	01/27/2011	\$0	\$4,864,953
A110070P9X11058 Bergelectric Corporation	06/01/2011	\$0	\$2,828,737
A100170P9X11077 Caddell Construction Company, Incorporated	07/27/2011	\$0	\$5,948,364
A110021P9X11093 Myrex Industries	09/08/2011	\$0	\$5,773,586
A110178Q3X12014 Sharp Electronics Corporation	12/22/2011	\$49,653	\$6,752,403
A120065P9X12019 Bergelectric Corporation	02/03/2012	\$0	\$322,910
A120070P9X12029 Cobb Mechanical Contractors	03/28/2012	\$0	\$194,480
A120069P9X12039 Cleveland Construction, Inc.	05/09/2012	\$0	\$1,207,623
A120063P9X12055 Caddell Construction Co., Inc.	08/09/2012	\$0	\$7,975,645
A120121P9X12064 Alutiiq International Solutions, LLC	09/18/2012	\$0	\$1,692,286
A100148P9X10087 Alutiiq International Solutions, LLC	09/16/2010	\$0	\$4,096,596
A110147Q6X13010 Xerox Corporation	12/06/2012	\$0	\$8,511,087

## Audits under Appeal/Litigation

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS	
		Disallowed Costs	Better Use Funds
A130093P4X14045 Amthor Steel, Inc.	06/26/2014	\$0	\$2,065,356
A090112Q6X11060 ITS Services, Inc.	06/07/2011	\$21,927,117	\$0
A110088Q3X11079 Global Protection USA, Inc.	07/28/2011	\$29,337	\$0

## Contract Audits

Audits with Management Decisions made prior to September 30, 2013,  
but with Final Action not taken as of September 30, 2014

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A090192Q2X11015 SHI International Corporation	11/24/2010	\$0	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A100193Q4X11014 The Stratix Corporation	11/24/2010	\$41,168	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A100213P9X11023 Cobb Mechanical Contractors, Colorado Springs, CO	01/27/2011	\$0	\$4,864,953	Litigation in Process - The contractor has appealed the Contracting Officer's decision and the audit is now in the litigation process
A120104Q2X13057 International Paper Company dba Xpedx	07/22/2013	\$52,616	\$167,493	Price/Settlement Negotiated - Negotiations have been completed between Contracting Officer and contractor
A130056Q3X13048 DHA Group, Inc.	06/12/2013	\$237,045	\$9,240,000	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A130093P4X14045 Amthor Steel, Inc.	06/26/2014	\$0	\$2,065,356	Litigation in Process - The contractor has appealed the Contracting Officer's decision and the audit is now in the litigation process

## Contract Audits

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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	
A100075Q7X11022 Cort Business Services Corporation	01/27/2011	\$0	\$1,575,000	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A100114Q2X11036 Ahura Scientific, Inc.	03/29/2011	\$123,252	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A100171P9X11025 Layton Construction Company, Inc.	02/02/2011	\$0	\$1,899,985	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A110063QAX11053 IntelliDyne, LLC	05/16/2011	\$3,948,160	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A110070P9X11058 Bergelectric Corporation	06/01/2011	\$0	\$2,828,737	Litigation in Process - The contractor has appealed the Contracting Officer's decision and the audit is now in the litigation process
A110087Q3X11057 National Interest Security Company, LLC	06/01/2011	\$649,465	\$5,728,148	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor

## Contract Audits

**Audits with Management Decisions made prior to September 30, 2013,  
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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	
A110108Q4X11063 Protective Products Enterprises	06/13/2011	\$0	\$553,510	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A080136Q2X09028 Dynamic Decisions, Inc.	01/20/2009	\$0	\$0	Price/Settlement Negotiated - Negotiations have been completed between Contracting Officer and contractor
A110132PRX11067 R.A. Heintges & Associates	07/08/2011	\$0	\$95,839	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A110132PRX11068 Smith-Miller & Hawkinson Architects, LLP	07/08/2011	\$0	\$6,225,926	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A110140PAX11071 Architect/Engineering Proposal Lehman Smith McLeish, PLLC, Subcontractor to Smith-Miller & Hawkinson Architects LLP	07/14/2011	\$0	\$176,478	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A090112Q6X11060 ITS Services, Inc	06/07/2011	\$21,927,177	\$0	Litigation in Process - The contractor has appealed the Contracting Officer's decision and the audit is now in the litigation process

## Contract Audits

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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	
A100140Q5X11070 Veterans Imaging Products, Inc.	07/07/2011	\$3,893	\$496,000	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A110088Q3X11079 Global Protection USA, Inc.	07/28/2011	\$29,337	\$0	Litigation in Process - The contractor has appealed the Contracting Officer's decision and the audit is now in the litigation process
A100170P9X11077 Caddell Construction Company, Incorporated	07/27/2011	\$0	\$5,948,364	Litigation in Process - The contractor has appealed the Contracting Officer's decision and the audit is now in the litigation process
A100119Q6X11081 Noble Sales Co., Inc.	08/03/2011	\$0	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A110133PAX11080 Architect Engineer Proposal Arup USA, Inc., Subcontractor to Smith-Miller & Hawkinson Architects LLP	08/04/2011	\$0	\$134,505	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A110180P9X11084 RTKL Associates, Inc.	08/15/2011	\$0	\$412,057	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor

## Contract Audits

Audits with Management Decisions made prior to September 30, 2013,  
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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	
A110111Q7X11086 Thermo Electron North America , LLC	08/19/2011	\$0	\$249,000	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A090196P2X11087 Bovis Lend Lease LMB, Inc.	08/22/2011	\$0	\$33,438	Price/Settlement Negotiated - Negotiations have been completed between Contracting Officer and contractor
A110136Q3X11088 Konica Minolta Business Solutions U.S.A., Inc.	08/25/2011	\$11,599	\$35,625,685	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A110021P9X11093 Myrex Industries	09/08/2011	\$0	\$5,773,586	Litigation in Process - The contractor has appealed the Contracting Officer's decision and the audit is now in the litigation process
A110067Q2X11092 Clifton Gunderson, LLP	09/09/2011	\$1,374	\$1,196,561	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A110174Q4X11097 Protective Products Enterprises	09/15/2011	\$63,992	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor



## Contract Audits

**Audits with Management Decisions made prior to September 30, 2013,  
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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	
A110146P9X11095 White Construction Company	09/12/2011	\$0	\$829,494	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A100210Q5X12001 Labat-Anderson, Inc.	10/13/2011	\$0	\$3,200,000	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A110197Q3X12003 KDH Defense Systems, Inc.	11/15/2011	\$1,331	\$16,781,668	Price/Settlement Negotiated - Negotiations have been completed between Contracting Officer and contractor
A110176Q4X12010 Fontaine Trailer Company, Incorporated	12/07/2011	\$0	\$4,648,519	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A090106Q3X09084 Perot Systems Government Services, Inc.	08/19/2009	\$34,758	\$33,743,210	In the Process of Collection - GSA is in the process of collecting funds owed the government from the contractor
A090090Q2X09086 Ezenial, Inc.	08/21/2009	\$0	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor

## Contract Audits

Audits with Management Decisions made prior to September 30, 2013,  
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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	
A110178Q3X12014 Sharp Electronics Corporation	12/22/2011	\$49,653	\$6,752,403	Litigation in Process - The contractor has appealed the Contracting Officer's decision and the audit is now in the litigation process
A110191QAX12016 Paradigm Technologies, Inc.	12/27/2011	\$0	\$2,557,773	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A110198Q4X12015 Scott Technologies Incorporated	12/27/2011	\$24,137	\$5,727,277	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A110186Q7X12018 BRSI, L.P.	01/23/2012	\$0	\$7,425,000	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A120065P9X12019 Bergelectric Corporation	02/03/2012	\$0	\$322,910	Litigation in Process - The contractor has appealed the Contracting Officer's decision and the audit is now in the litigation process
A120075P4X12020 Enola Contracting Services, Inc.	02/08/2012	\$0	\$121,312	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor

## Contract Audits

**Audits with Management Decisions made prior to September 30, 2013,  
but with Final Action not taken as of September 30, 2014**

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A110089Q2X12021 Quality Software Services, Inc	02/22/2012	\$714	\$17,652,348	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A110097Q7X12024 Dell Marketing, L.P.	03/01/2012	\$0	\$142,125,280	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A120021Q3X12023 Presidio Networked Solutions, Inc.	03/02/2012	\$31,878	\$2,427,935	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A120074Q5X12028 Kimball International, Inc.	03/27/2012	\$0	\$29,500,000	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A120070P9X12029 Cobb Mechanical Contractors	03/28/2012	\$0	\$194,480	Litigation in Process - The contractor has appealed the Contracting Officer's decision and the audit is now in the litigation process
A120090Q3X12032 Mine Safety Appliances Company	04/10/2012	\$1,511	\$3,270,118	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor

## Contract Audits

**Audits with Management Decisions made prior to September 30, 2013,  
but with Final Action not taken as of September 30, 2014**

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A110143Q5X12034 The J. Diamond Group, Inc.	04/12/2012	\$8,555	\$21,200,000	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A120069P9X12039 Cleveland Construction, Inc.	05/09/2012	\$0	\$1,207,623	Litigation in Process - The contractor has appealed the Contracting Officer's decision and the audit is now in the litigation process
A110169Q3X12048 Oce North America, Inc.	06/29/2012	\$225,180	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A120126Q5X12050 Hamilton Products Group, Inc.	07/06/2012	\$0	\$15,000,000	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A120136P4X12053 Lenex Steel Company	07/17/2012	\$0	\$834,067	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A120063P9X12055 Caddell Construction Co., Inc.	08/09/2012	\$0	\$7,975,645	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 September 30, 2013,  
but with Final Action not taken as of September 30, 2014**

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A110209Q6X12057 Propper International Sales, Inc.	08/15/2012	\$2,063,375	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A120083P9X12059 M.A. Mortenson Company	08/21/2012	\$0	\$2,814,148	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A120061Q5X12060 Schneider Electric USA, Inc.	08/23/2012	\$110,209	\$15,000,000	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A120121P9X12064 Alutiiq International Solutions, LLC	09/18/2012	\$0	\$1,692,286	Litigation in Process - The contractor has appealed the Contracting Officer's decision and the audit is now in the litigation process
A090254PCX09097 Greenhorne & O'Mara, Inc.	09/04/2009	\$0	\$118,000	Price/Settlement Negotiated - Negotiations have been completed between Contracting Officer and contractor
A090232PCX09101 Haley & Aldrich, Inc.	09/09/2009	\$0	\$11,762	Price/Settlement Negotiated - Negotiations have been completed between Contracting Officer and contractor

## Contract Audits

Audits with Management Decisions made prior to September 30, 2013,  
but with Final Action not taken as of September 30, 2014

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A090234PCX09102 HDR Architecture, Inc.	09/10/2009	\$0	\$809,387	Price/Settlement Negotiated - Negotiations have been completed between Contracting Officer and contractor
A120141P9X12065 Turner Construction Company	09/20/2012	\$0	\$858,840	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A120148P9X13003 Siemens Industries, Inc.	10/17/2012	\$0	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A090202Q6X10016 Computech, Inc.	11/09/2009	\$0	\$19,043,879	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A090159Q5X10022 RCF Information Systems, Inc.	12/10/2009	\$4,459	\$522,882	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A090145Q5X09082 BTAS, Inc. Beaver creek, OH	08/06/2009	\$0	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A090140Q6X10081 Systems Research and Applications Corporation	08/24/2010	\$392,685	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor

## Contract Audits

Audits with Management Decisions made prior to September 30, 2013,  
but with Final Action not taken as of September 30, 2014

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A100148P9X10087 Alutiiq International Solutions, LLC	09/16/2010	\$0	\$4,096,596	Litigation in Process - The contractor has appealed the Contracting Officer's decision and the audit is now in the litigation process
A100117QWX11001 Dun & Bradstreet, Inc	10/07/2010	\$0	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A090133Q7X11005 SeaArk Marine, Inc.	10/27/2010	\$1,130,227	\$0	In the Process of Collection - GSA is in the process of collecting funds owed the government from the contractor
A110138Q6X13005 United Parcel Service, Inc.	11/05/2012	\$0	\$1,031,023	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A120066Q5X13004 Life Fitness, Inc.	11/02/2012	\$0	\$29,300,000	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A120071Q2X13002 ICF Z-Tech, Inc.	10/16/2012	\$14,580	\$166,639	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor

## Contract Audits

**Audits with Management Decisions made prior to September 30, 2013,  
but with Final Action not taken as of September 30, 2014**

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A120155Q3X13007 Avion Solutions, Inc.	11/21/2012	\$0	\$4,523,340	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A110147Q6X13010 Xerox Corporation	12/06/2012	\$0	\$8,511,087	Litigation in Process - The contractor has appealed the Contracting Officer's decision and the audit is now in the litigation process
A120078Q4X13009 Computer Sciences Corporation	12/06/2012	\$0	\$49,455,749	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A120165P4X13019 Skanska USA Building, Inc.	01/30/2013	\$0	\$82,475	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A120177Q3X13021 ASI Government, Inc.	02/08/2013	\$13,071	\$11,541,977	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A120098Q2X13025 Dynamics Research Corporation	03/01/2013	\$8,973	\$6,040,027	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor



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		Disallowed Costs	Better Use Funds	
A120178Q3X13026 VT Aepeco, Inc.	03/05/2013	\$76,352	\$38,059,421	Unresolved - Agreement has not been reached between OIG and Contracting Officer on the Decision Record
A120109Q7X13030 ICF Macro, Inc.	03/21/2013	\$0	\$11,456,930	Unresolved - Agreement has not been reached between OIG and Contracting Officer on the Decision Record
A120095Q7X13024 Military Personnel Services Corporation	02/28/2013	\$87,379	\$16,083,715	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A120127Q4X13033 General Dynamics Information Technology, Inc.	03/29/2013	\$147,371	\$48,528,780	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A120142QAX13031 Science Applications International Corporation (SAIC)	03/28/2013	\$97,020	\$280,483,385	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A130051Q3X13037 ANSYS, Inc.	04/19/2013	\$0	\$13,071,886	Completed/Closed - All actions have been completed in regard to this audit and the audit has been closed.

## Contract Audits

**Audits with Management Decisions made prior to September 30, 2013,  
but with Final Action not taken as of September 30, 2014**

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A130034P4X13032 Caddell Construction Co., Inc	03/28/2013	\$0	\$5,001,544	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A130047P4X13040 Skanska USA Building, Inc.	05/13/2013	\$0	\$1,189,218	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A130044Q6X13044 Tektronix, Inc.	05/29/2013	\$0	\$6,200,000	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A120113Q2X13046 MSC Industrial Direct Co.	06/03/2013	\$2,278	\$55,064,975	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A120175Q3X13041 STG Inc.	05/22/2013	\$0	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A130069Q7X13051 L-3 Communications Vertex Aerospace, LLC	06/28/2013	\$248,423	\$24,112,597	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor
A120152Q6X13054 Herman Miller, Inc.	07/11/2013	\$175,056	\$20,574,360	In Negotiation - Negotiations are proceeding between Contracting Officer and contractor

## Glossary of Terms

The following definitions, based on the Inspector General Act Amendment of 1988, 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 completion 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 management concluded no action was necessary, final action occurred when the management decision was made.

**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.

# Appendix A



U.S. GENERAL SERVICES ADMINISTRATION  
Office of Inspector General

October 20, 2014

MEMORANDUM FOR BRENDA PARSON  
PROGRAM MANAGER  
GAO/IG AUDIT RESPONSE DIVISION (H1C)

FROM:

  
LISA L. BLANCHARD

DIRECTOR  
AUDIT PLANNING, POLICY, AND OPERATIONS STAFF (JAO)

SUBJECT:

Semiannual Report to Congress on the Number  
of Management Decisions

This memo is intended to relate the total management decisions for the period April 1, 2014 through September 30, 2014. The totals are based on H1C/JA Data Match Report, dated October 15, 2014 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	29	\$ 263,997,152	\$ 1,097,325
Postaward	6	\$	\$ 14,434,605
Internal	7	\$	\$ 201,662
Totals	42	\$ 263,997,152	\$ 15,733,592

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

Brenda J. Parson

Name

Assistant Inspector General

Title

10/27/14

Date

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