

U.S. General Services Administration

# Administrator's Semiannual Management Report to the Congress



**Report No. 49**

April 1, 2013 through September 30, 2013

## U.S. General Services Administration

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## Synopsis of Audit Activity

This report covers the semiannual reporting period of April 1, 2013, through September 30, 2013. In accordance with the Inspector General Act of 1978, as amended (The Act), the Administrator of General Services submits this report to Congress on final actions regarding audit recommendations. The Act requires the Administrator to report directly to the Congress on management decisions and final actions taken on audit recommendations. This report provides a summary of all audits conducted during the reporting period for (1) implementation of the recommendations by GSA management contained in audit reports issued by the Office of Inspector General (OIG) and (2) report of cases where final action has not been taken on an audit one year after the date of the management decision.

At the commencement of this semiannual reporting period, there were 155 audit reports pending final action that contained financial recommendations totaling \$1,344,768,823. During the reporting period, the OIG issued a total of 41<sup>1</sup> audit reports on nationwide GSA programs and operations that required management decisions. Of these 41 audits, 17 of these audits found \$4,197,817 in pre-award contracts and internal program spending that was incorrectly charged to the Government (known as disallowed costs).

Of the 41 audits, 19 audits recommended that \$691,706,447 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 within Appendix A of this report.

During the six-month period, GSA was able to successfully take final action on a total of 27 audits. These audits represent the recovery of \$4,497,086 in Government funds and the identification of \$35,200,000 in potential future savings.

As of September 30, 2013, 167 audit reports remained open. There are several audits involving claims under appeal or litigation during this reporting period.

<sup>1</sup> This figure includes two audits, # A120101BFF13001 (the FY 2011 Financial Statement Audit) and A130064P6X13043, not reflected in the "Disallowed Cost" and "Better Use of Funds" charts because they are no-money audits.

## 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 the U.S. General Services Administration (GSA) for the period beginning April 1, 2013 through September 30, 2013. This is the agency's 49th 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 taxpayers' dollars.

## U.S. General Administration Organization

GSA is organized around two major business functions represented by the Federal Acquisition Service (FAS) and the Public Buildings Service (PBS). 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 General Services 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:

### Senior Agency Official

The Deputy Administrator is the Senior Agency Official responsible for audit follow-up in the agency. As such, she 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 also makes final decisions to resolve differences between agency management and the OIG.

### The Chief Administrative Services Officer

The Chief Administrative Services Officer 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 as well as OIG;
- Overseeing the collection and proper accounting of 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 to draft and 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

April 1, 2013 through September 30, 2013

Final action for the six-month period <u>Ending September 30, 2013</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.	55	\$42,219,688
B. Audit reports on which management decisions were made during the reporting period.	17	\$4,197,817
C. Audit reports on which final action was taken during the reporting period.	12	\$8,642,003
<i>(i) the dollar value of disallowed costs</i>		\$4,497,086
- collections.....	\$4,191,448	
- offset .....	\$305,638	
- property in lieu of cash...	\$0	
- surplus .....	\$49,653	
- other .....	\$0	
<i>(ii) the dollar value of disallowed costs that were written off by management.</i>		\$4,194,570
D. Audit reports for which no final action has been taken by the end of the reporting period.	60	\$37,775,502



## Audits with Better Use Funds

April 1, 2013 through September 30, 2013

<u>Final action for the six-month Ending September 30, 2013</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.	100	\$1,302,549,135	\$0
B. Audit reports on which management decisions were made during the reporting period.	22	\$691,706,447	\$0
C. Audit reports on which final action was taken during the reporting period.	15	\$35,200,000	\$0
<i>(i) the actual dollar value of recommendations that were actually completed.</i>		\$0	\$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	\$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>		\$35,200,000	\$0
D. Audit reports for which no final action has been taken by the end of the reporting period.	107	\$1,674,997,423	\$0

## Internal Audits

### Audits with Management Decisions made prior to September 30, 2012, but with Final Action not taken as of September 30, 2013

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	July 12, 2012: Meeting held between PBS, OIG and H1C from 10:30 - 11:00am. See action plan.	01/15/2014
A110100Q9P12009 Audit of Management Controls Within the Network Services Division Pacific Rim Region, Federal Acquisition Service	05/30/2012	\$0	\$0	Open, implementing corrective action plan (CAP).	02/15/2014
A110072Q6P11004 Review of the Federal Acquisition Service's National Customer Service Center	03/31/2011	\$0	\$0	Action plan is in the implementation stage.	01/15/2014
A110117Q2P12005 Audit of Personal Property Donation Program: New Jersey State Agency for Surplus Property, Federal Acquisition Service, Northeast and Caribbean Region	03/30/2012	\$0	\$0	Received signed corrective action plan (CAP) from OIG.	04/15/2014

## Internal Audits (continued)

**Audits with Management Decisions made prior to September 30, 2012,  
but with Final Action not taken as of September 30, 2013**

REPORT NUMBER TITLE OF REPORT	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION	PROJECTED COMPLETION DATE
		Disallowed Costs	Better Use Funds		
A110103BFF12001 Audit of the General Services Administration's Fiscal Year 2011 Financial Statements	12/22/2011	\$0	\$0	Open, implementing CAP.	12/31/2013
A110095QFP11008 FY 2011 Office of Inspector General Information Technology Security Audit of the GSA SmartPay - Citibank	09/30/2011	\$0	\$0	12/15/2011: Received approved Action Plan; Implementation of the Action Plan has commenced.	02/15/2014
A110096QFP11009 FY 2011 Office of Inspector General Information Technology Security Audit of the AT&T Operational Support System	09/30/2011	\$0	\$0	1/9/2012: OIG has issued approved Action Plan. Action Plan is now in the implementation phase.	07/15/2014
A120054OFF12003 FY 2012 Office of Inspector General Information Technology Security Audit of the Data.gov Terremark System	03/29/2012	\$0	\$0	Open. Received the signed decision record (DR) and corrective action plan from OCSIT.	11/15/2013

## Audits under Appeal/Litigation

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS	
		Disallowed Costs	Better Use Funds
A100183P9X11054 Moshe Safdie and Associates, Inc.	05/17/2011	\$0	\$2,735,713
A110070P9X11058 Bergelectric Corporation	06/01/2011	\$0	\$2,828,737
A100170P9X11077 Caddell Construction Company, Incorporated	07/27/2011	\$0	\$5,948,364
A100174P2X11076 Leon D.-Dematteis-Construction Corporation	07/25/2011	\$0	\$1,401,452
A110102P5X11083 W.G. Yates & Sons Construction Company	08/10/2011	\$0	\$4,018,977
A110021P9X11093 Myrex Industries	09/08/2011	\$0	\$5,773,586
A110153P5X12012 Letsos Company, SubContractor to W.G. Yates & Sons Construction Company	12/19/2011	\$0	\$1,143,212
A120065P9X12019 Bergelectric Corporation	02/03/2012	\$0	\$322,910
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
A090112Q6X11060 ITS Services, Inc.	06/07/2011	\$21,927,177	\$0
A120070P9X12029 Cobb Mechanical Contractors	03/28/2012	\$0	\$194,480

## Contract Audits

**Audits with Management Decisions made prior to September 30, 2012,  
but with Final Action not taken as of September 30, 2013**

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
A100172Q6X11020 New England Woodcraft, Inc.	12/27/2010	\$10,850	\$0	In the Process of Collection - GSA is in the process of collecting funds owed the government from the Contractor
A100183P9X11054 Moshe Safdie and Associates, Inc.	05/17/2011	\$0	\$2,735,713	Litigation in Process - The Contractor has appealed the Contracting Officer's decision and the audit is now in the litigation process
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	12/27/2010	\$649,465	\$5,728,148	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor

## Contract Audits (continued)

Audits with Management Decisions made prior to September 30, 2012,  
but with Final Action not taken as of September 30, 2013

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
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	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor
A100075Q7X11022 Cort Business Services Corporation	01/27/2011	\$0	\$1,575,000	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor
A100114Q2X11036 Ahurs 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
A110044Q7X11051 Vaisala, Inc.	05/12//2011	\$1,243	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor

## Contract Audits (continued)

**Audits with Management Decisions made prior to September 30, 2012,  
but with Final Action not taken as of September 30, 2013**

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A110063QAX11053 IntelliDyne, LLC	05/16/2011	\$3,948,160	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor
A110115Q7X11061 Pacific Star Communications, Inc.	06/10/2011	\$23,201	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor
A100221Q6X11052 Mainline Information Systems, Inc.	05/12/2011	\$208,889	\$867,904	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor
A080177Q9X09015 Tecolote Research, Incorporated	12/12/2008	\$0	\$658,765	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor
A080136Q2X09028 Dynamic Decisions, Inc.	01/20/2009	\$0	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor
A090045Q7X11066 C-Tech Industries Inc. / Karcher North America, Inc.	06/30//2011	\$99,693	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor

## Contract Audits (continued)

**Audits with Management Decisions made prior to September 30, 2012,  
but with Final Action not taken as of September 30, 2013**

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A110098P5X11069 KenMor Electric Company, L.P.	07/06/2011	\$0	\$1,045,954	In Negotiation - Negotiations are proceeding 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
A100140Q5X11070 Veterans Imaging Products, Inc.	07/07/2011	\$3,893	\$496,000	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor



## Contract Audits (continued)

**Audits with Management Decisions made prior to September 30, 2012,  
but with Final Action not taken as of September 30, 2013**

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A110088Q3X11079 Global Protection USA, Inc.	07/28/2011	\$29,337	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor
A110109Q41X11078 Security Consultants Group, Incorporated	07/27/2011	\$0	\$83,119,440	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor
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
A100174P2X11076 Leon D.-Dematteis- Construction Corporation	07/25/2011	\$0	\$1,401,452	Litigation in Process - The Contractor has appealed the Contracting Officer's decision and the audit is now in the litigation process
A100182P2X11082 Security Construction Services, Inc.	08/03/2011	\$0	\$12,780	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor
A100119Q6X11081 Noble Sales Co., Inc.	08/03/2011	\$0	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor

## Contract Audits (continued)

**Audits with Management Decisions made prior to September 30, 2012,  
but with Final Action not taken as of September 30, 2013**

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
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
A110102P5X11083 W.G. Yates & Sons Construction Company	08/10/2011	\$0	\$4,018,977	Litigation in Process - The Contractor has appealed the Contracting Officer's decision and the audit is now in the litigation process
A110180P9X11084 RTKL Associates, Inc.	08/15/2011	\$0	\$412,057	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor
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
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 and Contractor

## Contract Audits (continued)

Audits with Management Decisions made prior to September 30, 2012,  
but with Final Action not taken as of September 30, 2013

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A110182P4X11090 Hensel Phelps Construction Company	09/01/2011	\$0	\$1,396,219	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
A110122Q9X11096 Agilent Technologies, Incorporated	09/14/2011	\$110,662	\$307,400	In the Process of Collection - GSA is in the process of collecting funds owed the government from the Contractor

## Contract Audits (continued)

**Audits with Management Decisions made prior to September 30, 2012,  
but with Final Action not taken as of September 30, 2013**

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	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor
A110177P5X12006 Way Engineering Ltd.	01/31/2012	\$0	\$412,921	In Negotiation - Negotiations are proceeding 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 Ezenia!, Inc.	08/21/2009	\$0	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor

## Contract Audits (continued)

**Audits with Management Decisions made prior to September 30, 2012,  
but with Final Action not taken as of September 30, 2013**

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A110153P5X1212 Letsos Company, SubContractor to W.G. Yates & Sons Construction Company	12/19/2011	\$0	\$1,143,212	Litigation in Process - The Contractor has appealed the Contracting Officer's decision and the audit is now in the litigation process
A110178Q3X12014 Sharp Electronics Corporation	12/22/2011	\$49,653	\$6,752,403	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor
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
A110152Q9X12017 Technology Associates International Corporation	01/19/2012	\$0	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor

## Contract Audits (continued)

**Audits with Management Decisions made prior to September 30, 2012,  
but with Final Action not taken as of September 30, 2013**

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
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	\$0	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
A110200Q5X12025 Deco, Inc.	03/07/2012	\$24,690	\$0	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

## Contract Audits (continued)

**Audits with Management Decisions made prior to September 30, 2012,  
but with Final Action not taken as of September 30, 2013**

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
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
A110143Q5X12034 The J. Diamond Group, Inc.	04/12/2012	\$8,555	\$21,200,000	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor
A120086Q3X12035 The Analysis Corporation (TAC)	04/23/2012	\$103,238	\$10,356,816	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor
A110213Q4X12036 Miami Air International, Incorporated	05/01/2012	\$8,428	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor
A110216Q6X12037 Learning Tree International USA, Inc.	05/02/2012	\$43,996	\$16,091,515	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor

## Contract Audits (continued)

**Audits with Management Decisions made prior to September 30, 2012,  
but with Final Action not taken as of September 30, 2013**

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
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
A110207Q3X12041 Analytical Graphics, Inc.	05/17/2012	\$0	\$5,561,067	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor
A120112P2X12045 Brooks Range Contract Services, Inc.	05/30/2012	\$0	\$2,735,134	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor
A120059Q3X12046 The MIL Corporation	05/31/2012	\$77,733	\$3,960,000	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor
A110169Q3X12048 Oce North America, Inc.	06/29/2012	\$225,180	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor
A110166Q2X12049 Pitney Bowes, Inc.	07/05/2012	\$0	\$7,076,483	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor



## Contract Audits (continued)

**Audits with Management Decisions made prior to September 30, 2012,  
but with Final Action not taken as of September 30, 2013**

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A120126Q5X12050 Hamilton Products Group, Inc.	07/06/2012	\$0	\$15,000,000	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
A080030Q3X09087 Hewlett-Packard Company	08/21/2009	\$59,353	\$81,038,538	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor
A090254PCX09097 Greenhorne & O'Mara, Inc.	09/04/2009	\$0	\$118,000	Price/Settlement Negotiated - Negotiations have been completed between Contracting Officer
A090074Q7X09099 TechFlow, Inc.	09/04/2009	\$0	\$4,373,215	In Negotiation - Negotiations are proceeding 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

## Contract Audits (continued)

**Audits with Management Decisions made prior to September 30, 2012,  
but with Final Action not taken as of September 30, 2013**

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
A090202Q6X10016 Computech, Inc.	11/09/2009	\$0	\$19,043,879	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor
A080144Q7X10019 BMC Software, Inc.	11/17/2009	\$0	\$3,246,860	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
A090222QWX10058 Force 3, Inc.	06/23/2010	\$0	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor
A080070QWX10063 Accenture, LLP	07/06/2010	\$0	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor

## Contract Audits (continued)

### Audits with Management Decisions made prior to September 30, 2012, but with Final Action not taken as of September 30, 2013

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A090140Q6X10081 Systems Research and Applications Corporation	08/24/2010	\$392,685	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor
A080124Q7X10086 ASAP SOFTWARE EXPRESS, INC.	09/15/2010	\$739,985	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor
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
A090108Q5X10059 Integrated Data Services Inc.	06/24/2010	\$0	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor

## Contract Audits (continued)

Audits with Management Decisions made prior to September 30, 2012,  
but with Final Action not taken as of September 30, 2013

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A090130Q7X10076 Cort Business Furniture	08/16/2010	\$83,696	\$0	In Negotiation - Negotiations are proceeding between Contracting Officer and Contractor
A110147Q6X13010 Xerox Corporation	12/06/2012	\$0	\$8,511,087	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

## Glossary of Terms

The following definitions, based on the Inspector General Act Amendments 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 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 was 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.

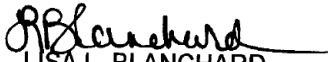
# Appendix A



U.S. GENERAL SERVICES ADMINISTRATION  
Office of Inspector General

October 29, 2013

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

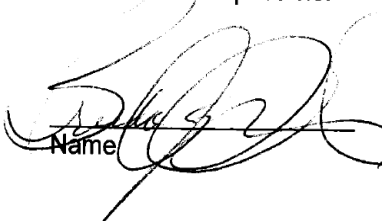
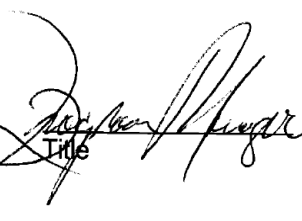
FROM:   
LISA L. BLANCHARD  
DIRECTOR  
AUDIT PLANNING, POLICY, AND OPERATIONS STAFF (JAO)

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, 2013 through September 30, 2013. The totals are based on H1C/JA Data Match Report, dated October 23, 2013 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	\$ 691,706,447	\$ 2,041,381
Postaward	3	\$ 0	\$ 2,156,436
Internal	9	\$ 0	\$ 0
Totals	41	\$ 691,706,447	\$ 4,197,817

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

  11/30/13  
Name Title Date

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