



U.S. General Services Administration

Administrator's Semiannual Management Report to Congress



Report No.56

October 1, 2016 – March 31, 2017

U.S. General Services Administration

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Contents

Synopsis of Audit Activity	4
Overview.....	5
U.S. General Services Administration Organization.....	5
Organization of Audit Follow-Up Program	6
Agency Audit Follow-up Official.....	6
The Chief Administrative Services Officer (CASO)	6
Heads of Services and Staff Offices, Regional Administrators, and Commissioners	6
Audits with Disallowed Costs.....	7
Audits with Better Use Funds (Potential Cost Savings).....	8
Contract Audits.....	9
Internal Audits	16
Open OIG Recommendations Not Fully Resolved as of March 31, 2017	17
Audits under Appeal/Litigation	24
Glossary of Terms	25
Appendix.....	27

Synopsis of Audit Activity

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

This report covers the period of October 1, 2016, through March 31, 2017. Included in the report are summaries of GSA audit activities concerning the following:

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

On October 1, 2016, GSA had 136 contract and internal audit reports pending final action. These reports contained financial recommendations totaling \$1,562,255,668.

- Financial recommendations for 115 contract audits totaled \$1,562,068,774.
- Financial recommendations for 21 internal audits totaled \$186,894.

Between October 1, 2016, and March 31, 2017, GSA finalized management decisions on 46 audit reports concerning nationwide GSA programs and operations.

- In 40 of these audits, a total of \$18,491,443 in pre-award contracts, post-award contracts, and internal program spending was found to have been incorrectly charged to the Government and determined to be disallowed costs.
- In 34 of the 46 audits, it was recommended that \$193,924,595 could be used more effectively (better use funds) if management took action to implement and complete the OIG recommendations (see Appendix).

During this 6-month reporting period, GSA successfully took final action on 45 audits. These audits represent the potential recovery of \$6,618,084 in Government funds and the identification of \$186,987,388 in potential future savings.

As of March 31, 2017, GSA had 132 open audit reports. Four of these audits involve claims under appeal or in litigation.

Overview

This report, GSA's 56th 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, Federal Acquisition Service, and Technology Transformation Service provide government-wide delivery of real estate, acquisition, and technology services, respectively, while GSA's Office of Government-wide Policy manages the development of certain government-wide policies and regulations, as well as those for GSA only. GSA's 11 regions provide local support to Federal agencies nationwide, while GSA's several staff offices provide support to other GSA organizations and to other Federal agencies and the public.

The Administrator of GSA directs the execution of all GSA functions. Members of the Administrator's office, as well as Regional Administrators and Heads of Service 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 tracking and managing audit recommendations. In addition, GSA's senior management is committed to ensuring that appropriate corrective action is taken. Agency managers have the responsibility to act on the auditor's recommendations, with the audit resolution process being supervised by the agency's audit follow-up official. A description of the responsibilities of GSA officials involved in the audit follow-up process is set forth below:

Agency Audit Follow-up Official

The Deputy Administrator is the Agency Audit Follow-up Official responsible for overseeing 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. 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 those in the Office of Administrative Services (OAS) who manage the GSA's Audit Resolution and Follow-up System. Their responsibilities include:

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

Heads of Services and Staff Offices and Regional Administrators

Heads of Services and Staff Offices and, as appropriate, 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 <u>Ending March 31, 2017</u>	Number of Audit <u>Reports</u>	Disallowed <u>Costs</u>
A. Audit reports for which final action had not been taken by the commencement of the reporting period.	136	\$101,955,724
B. Audit reports on which GSA/OIG management decisions were made during the reporting period.	46	\$18,491,443
C. Audit reports on which final action was taken during the reporting period.	45	\$6,618,084
<i>(i) the dollar value of disallowed costs</i>		\$1,050,727
- collections.....	\$522,948	
- offset	\$196,614	
- property in lieu of cash...	\$0	
- surplus	\$319,397	
- other	\$11,768	
<i>(ii) the dollar value of disallowed costs that were written off by management.</i>		\$5,567,357
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.	132	\$61,919,260

Audits with Better Use Funds (Potential Cost Savings)

<u>Final action for the six months Ending March 31, 2017</u>	<u>Number of Audit Reports</u>	<u>No budget Impact (Actual and Estimated)</u>	<u>Budget Impact</u>
A. Audit reports for which final action had not been taken by the commencement of the reporting period.	136	\$1,562,068,774	\$0
B. Audit reports on which management decisions were made during the reporting period.	46	\$193,924,595	\$0
C. Audit reports on which final action was taken during the reporting period.	45	\$186,987,388	\$0
<i>(i) the actual dollar value of recommendations that were actually completed.</i>		\$0	
<i>(ii) the actual dollar value of recommendations that management has subsequently concluded should not or could not be implemented or completed.</i>		\$0	
<i>(iii) the actual dollar value of recommendations that management has subsequently concluded should not or could not be determined (calculated).</i>		\$0	
<i>(iv) the estimated dollar value of "funds to be put to better use" as agreed to by GSA management and the OIG.</i>		\$186,987,388	
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.	132	\$1,577,355,421	\$0

Contract Audits

Audits with Management Decisions made prior to March 31, 2016, but with Final Action not taken as of March 31, 2017.

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

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A090042Q9X09019 Postaward Audit Report on Direct Costs Incurred on Trilogy Project: Computer Sciences Corporation, Contract Number GS00-T99-ALD204	12/29/2008	\$14,951,923		Investigation in progress – An investigation has been opened by either OIG or Justice Department regarding actions taken by the contractor
A110088Q3X11079 Global Protection USA, Inc.	07/28/2011	\$29,337		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A100119Q6X11081 Noble Sales Co., Inc.	08/03/2011	\$0		Price/settlement negotiated - Negotiations have been completed between Contracting Officer and contractor
A110209Q6X12057 Propper International Sales, Inc.	08/15/2012	\$2,063,375		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A120083P9X12059 M.A. Mortenson Company	08/21/2012	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A120071Q2X13002 ICF Z-Tech, Inc.	10/16/2012	\$14,580		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A120150Q3X13018 Grant Thornton LLP	01/24/2013	\$3,848		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A120162Q5X13036 Kforce Government Solutions, Inc.	04/17/2013	\$147,666		In negotiation - Negotiations are proceeding between Contracting Officer and contractor

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	
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
A130136Q3X14026 Fisher Scientific Company LLC	04/14/2014	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A110139Q9X14028 Alaska Structures, Incorporated	04/24/2014	\$1,999,255		Investigation in process - An investigation has been opened by either the OIG or the Justice Department regarding actions taken by the contractor
A140057Q3X14043 ATD-American Company	06/19/2014	\$4,895		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A140126P4X14044 Hoar-Christman, LLC	06/26/2014	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A130043Q2X14049 ICF Z-Tech, Inc.	07/16/2014	\$2,482,454		In negotiation - Negotiations are proceeding between Contracting Officer and contractor

Contract Audits

Audits with Management Decisions made prior to March 31, 2016, but with Final Action not taken as of March 31, 2017

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REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A130116Q3X14053 Management Concepts, Inc.	07/29/2014	\$14,121		In the process of collection - GSA is in the process of collecting funds owed the government from the contractor
A130125Q4X14056 Sigmatech, Incorporated	08/29/2014	\$6,001		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A140132Q7X14061 A-T Solutions, Inc.	09/16/2014	\$239,961		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A140122P5X14066 Swinerton Builders	09/29/2014	\$237,627		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A140110P4X15003 Suffolk Construction Company, Inc.	11/10/2014	\$0		Litigation in process - The contractor has appealed the Contracting Officer's decision and the audit is now in the litigation process
A110194Q4X15008 Global Mail, Incorporated	12/03/2014	\$3,780,850		Price/settlement negotiated - Negotiations have been completed between Contracting Officer and contractor
A140124P2X15012 Tocci/Driscoll, A Joint Venture	12/24/2014	\$3,230,074		Price/settlement negotiated - Negotiations have been completed between Contracting Officer and contractor

Contract Audits

Audits with Management Decisions made prior to March 31, 2016, but with Final Action not taken as of March 31, 2017

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REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
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
A110188Q6X15024 Mythics, Inc.	03/05/2015	\$37,667		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A140127Q3X15026 Booz Allen Hamilton Inc.	03/20/2015	\$11,997		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
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	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A140144P4X15033 Integrity Management Consulting, Inc.	04/30/2015	\$30,958		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
A150071Q7X15041 CAS, Inc.	07/08/2015	\$21,171		In negotiation - Negotiations are proceeding between Contracting Officer and contractor

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	
A150124P5X15059 Swinerton Builders	09/14/2015	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A140079Q6X15061 CACI, Inc. - FEDERAL	09/23/2015	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A150002Q3X15063 Government Contract Solutions, Inc.	09/30/2015	\$70,640		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A150083QAX16004 LCG Systems, LLC	11/10/2015	\$149,663		Price/settlement negotiated - Negotiations have been completed between Contracting Officer and contractor
A150077QAX16006 Office Depot, Inc.	11/12/2015	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
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	\$32,292		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

Contract Audits

Audits with Management Decisions made prior to March 31, 2016, but with Final Action not taken as of March 31, 2017

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

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A090175Q4X16011 Square One Armoring Services	12/03/2015	\$1,850,081		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
A140055Q2X16013 SRC, Inc.	12/07/2015	\$637,423		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A150142Q7X16015 IDSC Holdings, LLC	12/14/2015	\$36,620		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A140103Q5X16016 General Dynamics Information Technology, Inc.	12/15/2015	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A140146P4X16017 Caldwell 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
A140158P6X16021 Fusco Corporation	01/15/2016	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor

Contract Audits

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

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		Disallowed Costs	Better Use Funds	
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
A150103QAX16028 CliftonLarsonAllen, LLP	03/24/2016	\$0		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

Internal Audits

Audits with Management Decisions made prior to March 31, 2016, but with Final Action not taken as of March 31, 2017

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

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
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
A150103QAX16028 CliftonLarsonAllen, LLP	03/24/2016	\$0		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

Open OIG Recommendations Not Fully Resolved as of March 31, 2017
Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
A120164Q9P14005 Improving the Telecommunications Order and Invoice Processing Could Benefit Customers of the Federal Acquisition Service's Network	09/29/2014	001	Improve coordination and communication with the Financial Services Center by identifying, prioritizing, and resolving inventory and billing variances.	02/11/2016	04/05/2017
A120164Q9P14005 Improving the Telecommunications Order and Invoice Processing Could Benefit Customers of the Federal Acquisition Service's Network	09/29/2014	002	Perform monthly reconciliations of significant variances between Telecommunications Order and Pricing System and Telecom Invoice Management System by assigning adequately trained Division personnel.	11/30/2016	04/05/2017
A120164Q9P14005 Improving the Telecommunications Order and Invoice Processing Could Benefit Customers of the Federal Acquisition Service's Network	09/29/2014	003	Update and adhere to planned timelines and assign trained personnel to transition customer accounts to the local services acquisition contract.	11/30/2016	04/05/2017
A120164Q9P14005 Improving the Telecommunications Order and Invoice Processing Could Benefit Customers of the Federal Acquisition Service's Network	09/29/2014	004	Identify and address challenges faced in the current transition process in preparation to the next local services acquisition contract to avoid lengthy delays and lost opportunities' savings. Develop a method to quantify and monitor COR.	05/31/2017	05/31/2017
A120164Q9P14005 Improving the Telecommunications Order and Invoice Processing Could Benefit Customers of the Federal Acquisition Service's Network	09/29/2014	006	Disclose on GSA customer invoices itemized costs associated with the Division's administrative surcharge fees or provide these fees as an attachment to the invoice.	05/31/2017	05/31/2017

Open OIG Recommendations Not Fully Resolved as of March 31, 2017
Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
A140008Q9P15002 FAS Needs to Strengthen its Training and Warranting Program for Contracting Officers	06/26/2015	004	Grant Central Office portfolio training coordinators system access to generate reports in the Federal Acquisition Institute Training Application System that track Federal Acquisition Certification in Contracting and warrant compliance for their assigned staff.	06/15/2016	06/25/2018
JE16-002 GSA Facilities at Risk: Security Vulnerabilities Found in GSA's Management of Contractor HSPD-12 PIV	03/30/2016	006	GSA should conduct a full review of GCIMS data to verify that it is current, accurate, and complete.	01/31/2017	04/13/2017
JE16-003 GSA Facilities at Risk: Security Vulnerabilities Found in GSA's Use of Facility Specific Building Badges	03/30/2016	003	GSA should develop a secure solution for allowing physical access to GSA-managed facilities to those who are not required to receive PIV cards.	03/01/2017	04/28/2017
JE16-003 GSA Facilities at Risk: Security Vulnerabilities Found in GSA's Use of Facility Specific Building Badges	03/30/2016	004	If the Facility Security Committees of facilities where GSA is not the sole or primary tenant decide to allow the use of building badges, GSA should not issue local building badges on behalf of tenant agencies.	02/28/2017	04/28/2017
A120026Q6P16003 IT Reseller Contracts Present Significant Challenges for GSA's Schedules Program	07/22/2016	002	In conjunction with the FAS Office of Acquisition Management, establish performance measures for FAS IT schedule contracting staff that reinforce the objective to obtain the resellers' most favored customer prices for schedule contract items during price negotiations.	03/31/2017	04/28/2017

Open OIG Recommendations Not Fully Resolved as of March 31, 2017
Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
A120026Q6P16003 IT Reseller Contracts Present Significant Challenges for GSA's Schedules Program	07/22/2016	003A	Improve price protection for IT schedule reseller contracts by establishing controls to ensure that contracting officers obtain accurate, current, and complete manufacturer commercial sales practices information for offered items when the resellers have low or no commercial sales. The controls should ensure that the specific items involved are not awarded until commercial sales practices information is provided.	03/31/2017	04/28/2017
A120026Q6P16003 IT Reseller Contracts Present Significant Challenges for GSA's Schedules Program	07/22/2016	003B	Improve price protection for IT schedule reseller contracts by establishing controls to ensure that deviations to the Price Reductions clause do not diminish price protections and are properly approved by the Head of the Contracting Activity.	03/31/2017	04/28/2017
A120026Q6P16003 IT Reseller Contracts Present Significant Challenges for GSA's Schedules Program	07/22/2016	004	Cancel IT schedule reseller contracts that do not meet the \$25,000 minimum sales requirement of the Schedules Program, focusing initially on those with no sales; or document the contract files to support decisions to maintain the contracts.	01/10/2017	04/28/2017

Open OIG Recommendations Not Fully Resolved as of March 31, 2017
Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
A120026Q6P16003 IT Reseller Contracts Present Significant Challenges for GSA's Schedules Program	07/22/2016	005	Consider increasing the \$25,000 minimum sales threshold for IT schedule reseller contracts to a level that offsets the government's cost to award and administer a schedule contract.	01/10/2017	04/28/2017
A120026Q6P16003 IT Reseller Contracts Present Significant Challenges for GSA's Schedules Program	07/22/2016	006	Consider alternatives to the current \$2,500 minimum payment clause in IT schedule reseller contracts.	03/31/2017	04/28/2017
A150033Q9P16002 The Federal Acquisition Service Needs a Comprehensive Human Capital Plan for its Contract Specialist	07/22/2016	002	Evaluate and update the comprehensive human capital plan on an annual basis.	10/31/2017	10/31/2017
A150131QTP16004 Audit of FAS's Contractor Assessments Program	09/21/2016	001	Revise the Industrial Operations Analyst Training Manual to include details on a risk-based sampling methodology in order to improve the consistency of report results.	06/30/2017	06/30/2017
A150131QTP16004 Audit of FAS's Contractor Assessments Program	09/21/2016	003	Establish and implement a formal, national training curriculum for experienced Industrial Operations Analysts to cover, at a minimum, the number of required annual continuing education hours and appropriate subject areas for enhancing applicable knowledge and skills.	06/30/2017	06/30/2017

Open OIG Recommendations Not Fully Resolved as of March 31, 2017
Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
A150022QTP16005 Audit of Price Evaluations and Negotiations for Schedule 70 Contracts	09/28/2016	002	Develop and issue guidance on holding negotiations at the time of contract award.	03/31/2017	04/14/2017
A150022QTP16005 Audit of Price Evaluations and Negotiations for Schedule 70 Contracts	09/28/2016	003	Develop and implement a risk-based approach for negotiating options for contract extensions.	03/31/2017	04/14/2017
A150022QTP16005 Audit of Price Evaluations and Negotiations for Schedule 70 Contracts	09/28/2016	004	Develop and implement a methodology to conduct periodic reviews of active schedule contract files to determine whether the files contain all required documentation necessary to effectively administer the contracts and comply with the Federal Acquisition Regulation and FAS policy.	03/31/2017	04/14/2017
A150022QTP16005 Audit of Price Evaluations and Negotiations for Schedule 70 Contracts	09/28/2016	005	Ensure that the contract documents that were not present in the official contract file during the audit have been added.	03/31/2017	04/14/2017
A160028OTF16003 Audit of GSA's Response to the Personally Identifiable Information Breach of September 18, 2015	09/28/2016	002	Develop and implement a training program for Agency Response Team members regarding their specific roles and responsibilities.	04/28/2017	04/28/2017
A160028OTF16003 Audit of GSA's Response to the Personally Identifiable Information Breach of September 18, 2015	09/28/2016	003	Evaluate the Agency's breach response capability by assessing the technical tools that will be used to identify and notify the individuals affected by a potential breach to ensure they are operating as intended.	07/31/2017	07/31/2017

Open OIG Recommendations Not Fully Resolved as of March 31, 2017
Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
A160028OTF16003 Audit of GSA's Response to the Personally Identifiable Information Breach of September 18, 2015	09/28/2016	003c	Evaluate the Agency's breach response capability by requiring an after action assessment of Agency Response Teams' response to actual breach incidents to identify and incorporate lessons learned.	07/31/2017	07/31/2017
A160028OTF16003 Audit of GSA's Response to the Personally Identifiable Information Breach of September 18, 2015	09/28/2016	004	Assess policies to ensure objectives are clear, roles and responsibilities are detailed, and comprehensive procedures are established for Agency Response Teams to communicate and document relevant information necessary for making decisions and taking action in response to a PII breach. Take appropriate actions to address and correct those areas identified as deficient.	07/31/2017	07/31/2017
A160022ORF16004 Review of GSA's Purchase Card Program is Vulnerable to Illegal, Improper, or Erroneous Purchases	09/30/2016	001a	Enforce GSA Order OAS 4200.1A by implementing a review process to ensure purchase cardholders upload supporting documentation to Pegasys and that Approving Officials resolve instances of missing documentation.	06/30/2017	06/30/2017

Open OIG Recommendations Not Fully Resolved as of March 31, 2017
Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
A160022ORF16004 Review of GSA's Purchase Card Program is Vulnerable to Illegal, Improper, or Erroneous Purchases	09/30/2016	001b	Develop a process to hold purchase cardholders and Approving Officials accountable for not adhering to requirements in GSA Order OAS 4200.1A for maintaining documentation and reviewing transactions. This process may include card suspension, card removal, or reassignment of responsibilities of the cardholder and Approving Official.	06/30/2017	06/30/2017
A160022ORF16004 Review of GSA's Purchase Card Program is Vulnerable to Illegal, Improper, or Erroneous Purchases	09/30/2016	002a	Implement procedures to require that OAS periodically verifies that its EMS business rules are designed as intended to capture questionable charges.	06/30/2017	06/30/2017
A160022ORF16004 Review of GSA's Purchase Card Program is Vulnerable to Illegal, Improper, or Erroneous Purchases	09/30/2016	002d	Incorporate specific guidance, in both policy and training, on the procedures Approving Officials should follow in responding to questionable charge transactions.	06/30/2017	06/30/2017
JE17-001 Evaluation of 18F	10/24/2016	005	Implement a comprehensive review of 18F's past work to ensure accuracy of all billings.	08/31/2017	08/31/2017
JE17-001 Evaluation of 18F	10/24/2016	006	Establish reliable internal controls to ensure that 18F's future billings are accurate.	09/29/2017	09/29/2017
JE17-001 Evaluation of 18F	10/24/2016	007	Ensure that 18F's billing records are retained in accordance with GSA records management standards.	10/13/2017	10/13/2017

Audits under Appeal/Litigation

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS
		Disallowed Costs
A140110P4X15003 Suffolk Construction Company, Inc.	11/10/2014	\$0
A140116P4X15016 City Lights Electrical Company, Inc.	01/30/2015	\$0
A140118P4X16005 N.B. Kenney Company, Inc.	11/13/2015	\$0
A160051P4X16038 Motir Services, Inc.	05/11/2016	\$0

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;
- deobligation 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; or
- any other savings that are specifically identified.

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



U.S. GENERAL SERVICES ADMINISTRATION
Office of the Inspector General

April 24, 2017

MEMORANDUM FOR LEROY FORD
DIRECTOR
GAO/IG AUDIT MANAGEMENT DIVISION (H1G)

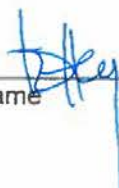
FROM: 
LISA L. BLANCHARD
DIRECTOR
AUDIT PLANNING, POLICY, AND OPERATIONS STAFF (JAO)

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

This memo is intended to relate the total management decisions for the period October 1, 2016 through March 31, 2017. The totals are based on H1G/JA Data Match Report, dated April 4, 2017 and JA's AIS database. The OIG's management decision statistics are, as follows:

Type of Audit	Number of Audits	Amount of Better Use Funds	Amount of Disallowed Cost
Preaward	34	\$ 193,924,595	\$ 2,795,953
Postaward	6	\$ 0	\$ 15,695,490
Internal	6	\$ 0	\$ 0
Totals	46	\$ 193,924,595	\$ 18,491,443

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

 _____
 Name
 Acting Director
 Title
 GAO-16 Audit
 Mgt Div
 Date
 4-25-2017

1800 F Street, NW, Washington, DC 20405-0002



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Washington, DC 20405

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