

**Fiscal Year 2023 Budget Request**

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### **Appropriations Language**

For necessary expenses of the Office of Inspector General and services as authorized by 5 U.S.C. 3109, \$74,583,000: *Provided*, That not to exceed \$3,000,000 shall be available for information technology enhancements related to implementing cloud services, improving security measures, and providing modern technology case management solutions:

*Provided further*, That not to exceed \$50,000 shall be available for payment for information and detection of fraud against the Government, including payment for recovery of stolen Government property: *Provided further*, That not to exceed \$2,500 shall be available for awards to employees of other Federal agencies and private citizens in recognition of efforts and initiatives resulting in enhanced Office of Inspector General effectiveness.

### **Program Description**

This appropriation provides agency-wide audit, investigative, and inspection functions to identify and correct management and administrative deficiencies within the General Services Administration (GSA), including conditions for existing or potential instances of fraud, waste, and mismanagement. The audit function provides internal audit and contract audit services. Contract audits provide professional advice to GSA contracting officials on accounting and financial matters relative to the negotiation, award, administration, repricing, and settlement of contracts. Internal audits review and evaluate all facets of GSA operations and programs, test internal control systems, and develop information to improve operating efficiencies and enhance customer services. The investigative function provides for the detection and investigation of improper and illegal activities involving GSA programs, personnel, and operations. The inspection function supplements traditional audits and investigations by providing systematic and independent assessments of the design, implementation, and/or results of GSA's operations, programs, or policies.

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**5-Year Appropriation History Table**

	<b>FY 2019 Enacted</b>	<b>FY 2020 Enacted</b>	<b>FY 2021 Enacted</b>	<b>FY 2022 Full Year CR</b>	<b>FY 2023 Request</b>
<b>Request to Congress:</b>	<b>\$67,000,000</b>	<b>\$68,000,000</b>	<b>\$67,000,000</b>	<b>\$67,000,000</b>	<b>\$74,583,000</b>
Appropriated:					
Annual Funds	\$65,000,000	\$65,000,000	\$67,000,000		
Rescissions					
Sequestration					
No-Year Funds					
Rescissions					
<b>Total.....</b>	<b>\$65,000,000</b>	<b>\$65,000,000</b>	<b>\$67,000,000</b>		

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**Amounts Available for Obligation**

(Dollars in Thousands)

	FY 2021 Actual	FY 2022 Full Year CR	FY 2023 Request
Unobligated balance, start of year <sup>1</sup> .....	\$3,527	\$3,517	\$2,000
<i>Discretionary authority:</i>			
Appropriation (annual).....	\$67,000	\$67,000	\$74,583
Appropriation (no-year).....			
<i>Reimbursable authority:</i>			
Offsetting collections.....	\$600	\$600	\$600
<b>Subtotal amount available for obligation</b>	<b>\$71,127</b>	<b>\$71,117</b>	<b>\$77,183</b>
<i>Discretionary authority:</i>			
Unobligated balance, expiring.....	(\$773)	\$0	\$0
Unobligated balance, end of year.....	(\$3,517)	(\$2,000)	\$0
<i>Reimbursable authority:</i>			
Unobligated balance, expiring.....	(\$256)	\$0	\$0
<b>Total obligations</b>	<b>\$66,581</b>	<b>\$69,117</b>	<b>\$77,183</b>
Obligations, appropriated (annual).....	\$66,227	\$67,000	\$74,583
Obligations, appropriated (no-year).....	\$10	\$1,517	\$2,000
Obligations, reimbursable.....	\$344	\$600	\$600
<b>Net outlays, appropriated.....</b>	<b>\$66,629</b>	<b>\$68,386</b>	<b>\$75,899</b>

<sup>1</sup> Unobligated balance reflects no-year funds appropriated in FY 2014 through FY 2016.

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**Explanation of Changes, Appropriated Dollars, and FTE**

(Dollars in Thousands)

	<u>FTE</u>	<u>Budget Authority</u>
2022 Full Year CR	294	\$ 67,000
2023 Request	<u>294</u>	<u>\$ 74,583</u>
Net Change.....	0	\$ 7,583

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**Maintaining Current Levels:**

Personnel Compensations & Benefits Adjustments:

2021 Pay Increase (1.0%), Q1 FY 2022	\$	93
2022 Pay Increase (2.7%), Q2-Q4 FY 2022	\$	753
FY 2022 FERS Retirement Payments Increase (1.1% for Non-LEO, 1.8% for LEO)	\$	483
2022 Pay Increase (2.7%), Q1 FY 2023	\$	372
2023 Pay Increase (4.6%), Q2-Q4 FY 2023	\$	1,918

**Subtotal, Maintaining Current Levels** **\$ 3,619**

**Program Initiatives:**

Mission Critical IT Infrastructure Enhancements	\$	3,000
Integrated BWC and DEMS Solution	\$	200
Working Capital Fund Bill Increase	\$	98

**Subtotal, Program Initiatives** **\$ 3,298**

**Program Increases:**

Travel and Transportation	\$	500
Rent	\$	59
Contractual Services	\$	360

**Subtotal, Program Increases** **\$ 919**

**Program Decreases:**

Purchases of Services from Govt Accounts	\$	(128)
Equipment	\$	(125)

**Subtotal, Program Decreases** **\$ (253)**

**Net Change..... 0 \$ 7,583**

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Reimbursable Resources 3 \$ 600

**Summary of Request**

The FY 2023 budget requests a total of **\$74,583 thousand** for the Office of Inspector General. This represents a net increase of **\$7,583 thousand** from the FY 2022 request and includes the following adjustments:

- \$93 thousand for 2021 pay increase (1.0%), Q1 FY 2022
- \$753 thousand for 2022 pay increase (2.7%), Q2-Q4 FY 2022
- \$483 thousand for FY 2022 FERS retirement payments increase (1.1% for non-LEO, 1.8% LEO)
- \$372 thousand for 2022 pay increase (2.7%), Q1 FY 2023
- \$1,918 thousand for 2023 pay increase (4.6%), Q2-Q4 FY 2023
- \$3,000 thousand for mission critical IT infrastructure enhancements
- \$200 thousand for integrated body-worn cameras (BWC) and digital evidence management system (DEMS) solution
- \$98 thousand for working capital fund bill increase
- \$500 thousand for travel and transportation increase
- \$59 thousand for rent increase
- \$360 thousand for contractual services increase
- \$128 thousand for purchases of services from government accounts *decrease*
- \$125 thousand for equipment *decrease*

**Reimbursable Programs:** The FY 2023 OIG reimbursable request includes **\$600 thousand** for the following reimbursable work: (1) \$350 thousand for the Fleet Card Program; and (2) \$250 thousand for on-going reimbursable work with other agencies and independent commissions.

<b>FY 2023 Annual CIGIE Assessment (0.36% of \$74,583,000)</b>	<b>\$268,499</b>
<b>FY 2023 Annual Training Request: Certified by the Inspector General, (includes training travel)</b>	<b>\$725,000</b>

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**Obligations by Object Classification**

(Dollars in Thousands)

	FY 2021	FY 2022	FY 2023
	Actual	Full Year CR	Request
11.1 Full-time permanent	\$34,645	\$34,965	\$37,506
11.3 Other than full-time permanent	\$822	\$206	\$215
11.5 Other personnel compensation	\$2,802	\$2,655	\$2,784
11.8 Special personal services payments	\$0	\$0	\$0
<b>11.9 Total personnel compensation</b>	<b>\$38,269</b>	<b>\$37,826</b>	<b>\$40,505</b>
12.1 Civilian personnel benefits	\$15,237	\$15,305	\$16,500
21.0 Travel and transportation of persons	\$472	\$700	\$1,200
22.0 Transportation of things	\$1	\$0	\$0
23.1 Rental payments to GSA	\$5,174	\$5,164	\$5,223
23.2 Rental payments to others	\$0	\$0	\$0
23.3 Communications, utilities and miscellaneous charges	\$350	\$350	\$350
24.0 Printing and reproduction	\$4	\$9	\$9
25.1 Advisory and assistance services	\$1,766	\$2,056	\$4,686
25.2 Other services	\$8	\$10	\$10
25.3 Purchases of goods and services from government accounts	\$3,246	\$3,670	\$3,640
25.4 Operation and maintenance of facilities	\$0	\$0	\$0
25.7 Operation and maintenance of equipment	\$1,280	\$1,300	\$1,300
26.0 Supplies and materials	\$59	\$100	\$100
31.0 Equipment	\$360	\$500	\$1,050
91.0 Unvouchered	\$1	\$10	\$10
<b>99.0 Subtotal</b>	<b>\$66,227</b>	<b>\$67,000</b>	<b>\$74,583</b>
99.0 Reimbursable obligations	\$344	\$600	\$600
<b>99.9 Total Obligations</b>	<b>\$66,571</b>	<b>\$67,600</b>	<b>\$75,183</b>

## **FY 2023 Request**

For FY 2023, the General Services Administration (GSA) Office of Inspector General (OIG) requests \$74,583 thousand to execute our mission to detect and deter waste, fraud, abuse, and misconduct and to promote economy and efficiency in GSA's multibillion dollar programs and operations including contracts.

This requested funding level provides for no increase in staffing. It funds a mandated, government-wide increase in salary costs and provides funding to support critical information technology enhancements related to implementing cloud services, improving security measures, and providing modern technology case management solutions, and other technology enhancements.

The requested funds will enable us to sustain excellence in our oversight work. Our special agents continue to find and aggressively investigate cases of bribery, kickbacks and procurement fraud, including those featuring contractors that import foreign-made goods from prohibited countries and fraudulently sell them to the U.S. Government as being American-made or Trade Agreements Act (TAA) compliant.

For example, we led a multi-agency investigation that resulted in a guilty plea from Arthur Morgan, the owner and Chief Executive of Surveillance Equipment Group (SEG) and its division SEG Armor. Our investigation found that Morgan falsely certified that about \$650,000 worth of ballistic vests, helmets, and riot gear sold to the federal government were made in Hong Kong when they were, in fact, made in China. In another notable investigation, we uncovered a \$2.5 million kickback scheme involving a project manager employed by Schneider Electric Building America, Inc. and two subcontractors. Our work in this matter resulted in two criminal convictions as well as \$11 million in criminal restitution and civil settlement proceeds.

We also uncovered criminal procurement activity inside GSA. As a result of one investigation, Ronnie Simpkins, a former GSA Senior Contracting Officer, pleaded guilty to accepting cash and other items from a GSA schedule vendor in return for approving their contract and providing other favorable treatment.

We actively seek out inefficiencies and mismanagement. Our auditors found that GSA is failing to adequately manage and oversee the building services contracts at the Food and Drug Administration's (FDA) White Oak Campus in Silver Spring, Maryland. We found multiple issues, especially with the agency's oversight of the Energy Savings Performance Contract task order that provides operations and maintenance (O&M) building services on the campus. For example, GSA's Public Building Service (PBS) has paid the contractor more than \$205 million for unverified, and therefore unrealized, O&M cost savings. If the agency does not enforce requirements for the remaining 14 years of the task order, it risks paying over \$1 billion for O&M cost savings that will not be achieved. In turn, PBS is charging the FDA for overpriced services that are not being provided.

We also found underutilized motor vehicles in the federal fleet. Our Office of Inspections completed an evaluation which found that 90 percent of the 115 standard vehicles managed by GSA's National Capital Region were being driven far fewer miles than agency or government-wide regulations specify. As a consequence, GSA spent an estimated \$351,618 annually on these underutilized NCR vehicles and could save up to an estimated \$2.1 million over 6 years by reducing its fleet.

Our inspection of a high-risk GSA building found pervasive deficiencies in site security and security operations and administration. These deficiencies included significant problems with the closed circuit camera surveillance and intrusion detection systems, lax enforcement of physical security requirements and parking restrictions, unsecured restricted areas, a contract employee living in the building unbeknownst to the security guards on duty, prohibited substances on site, suspected on-duty marijuana use by a contract employee, inaccessible hazardous waste cleanup materials, and a faulty occupant emergency plan. The long standing issues found in our inspection compromise the security of the building, as well as the safety and security of its occupants, and expose the building, employees, and visitors to unnecessary risks.

Our audit of GSA's Transactional Data Reporting (TDR) Pilot found that, despite being in effect within GSA's Schedules Program for over 4 years, it has yet to accomplish its intended purpose of improving taxpayer value. Federal regulations require contract officers to conduct analysis to determine fair and reasonable pricing whenever acquiring a commercial product or service for the federal government. Since 2016, the agency's TDR pilot has required contractors to report their GSA contract transaction data to the agency monthly, but the data is inaccurate and agency contracting personnel are not using it to make acquisition decisions that affect pricing. This has resulted in contracting personnel relying on flawed pricing tools and methodologies that do not leverage the collective buying power of the government and do not ensure that prices reflect the lowest overall cost alternative to meet the government's needs.

Our oversight work also frequently examines security-related matters. A particularly concerning audit we completed recently found persistent problems in GSA's management of Personal Identity Verification (PIV) cards, which are used by federal and contract employees to access GSA buildings and information technology systems. In 2016, our inspectors reported several deficiencies in GSA's recovery and destruction of these cards. In November 2020, we issued an audit finding that the agency was unable to account for approximately 15,000 PIV cards issued to contract employees and failed to collect over half of the 445 PIV cards issued to those who failed their background checks. Poor management and oversight of these cards is a security risk because the cards can be used to gain unauthorized access to GSA buildings and information systems.

We describe these and other highlights of the work of our auditors, investigators, and inspectors in more detail later in this document.

**Mission Critical IT Infrastructure Enhancements:** The OIG requests \$3,000 thousand to support information technology enhancements related to implementing cloud services, improving security measures, and providing modern technology case management solutions.

Executive Order 14028: Improving the Nation's Cybersecurity, issued May 12, 2021 prioritizes resources for the adoption of cloud-based technologies. This supports the Office of Management and Budget (OMB) Federal Cloud Computing Strategy, issued on February 8, 2011, that requires agencies to adopt a "Cloud First" policy when contemplating IT purchases and evaluate secure, reliable, and cost-effective cloud computing alternatives when making new IT investments. The OIG is looking to migrate our network, systems, and infrastructure from the current on-premises configuration to a third party cloud-hosted platform. The implementation includes migrating email, calendar, individual and shared network drives, office suite applications, and collaboration tools to a cloud-hosted Software as a Service (SaaS) platform. It also includes establishing additional security tools as well as migrating support applications like asset management, mobile device management, the IT service desk, and the OIG internal Intranet portal.

We also must address a critical need for replacing case management systems used by our Audits and our Inspections oversight components. The current system will no longer be supported after 2023. Both the Office of Audits and the Office of Inspections use separate and independent versions of TeamMate for their case management system. While the two instances are similar, their requirements, workflow and reporting needs are different and unique to each organization. The developer of TeamMate has publicly announced that it will not support the current TeamMate version beyond 2023 and is transitioning to a TeamMate+ service in the cloud. TeamMate+ will not be FedRAMP compliant, and will therefore no longer be a viable solution for Federal agencies. The objective is to replace the existing TeamMate Case Management Systems with a web-based modern application that provides friendly user interfaces, modern IT features and compliance with federal government IT standards.

The OIG identified critical enhancements in 2021 and is requesting funding to make the necessary upgrades to modernize and safeguard the OIG IT infrastructure as well as meet Executive Branch direction. OIG previously notified Congress of the need to make these critical investments and is now requesting appropriations to implement the requirement.

**Body-Worn Cameras and Digital Evidence Management System:** The OIG requests \$200 thousand to support the acquisition of an integrated body-worn camera (BWC) and digital evidence management system (DEMS) solution for our special agents. This acquisition will promote transparency in our law enforcement operations and enable us to replace obsolete and failing video and audio system equipment.

Special agents in the Office of Investigations are sworn federal law enforcement officers with authority to carry firearms, execute search warrants, and make arrests for violations of

federal law. They regularly engage in investigative activities in the field, including surveillance and the execution of arrests and searches. These law enforcement operations may result in the use of force by assailants or special agents, as well as accusations of law enforcement misconduct. Outfitting our special agents with BWCs would aid after-the-fact investigations and demonstrate a commitment to accountability and transparency in these encounters.

The OIG seeks to incorporate a cloud-based digital evidence management system (DEMS) that would allow for the collection and storage of digital photographs, audio and video recordings, in addition to BWC footage.

The DEMS would allow case agents instant, secure access to these investigative materials, reducing the lead times and risk of loss associated with shipping hard drives and other removable media.

**Working Capital Fund Bill Increase:** The OIG requests \$98 thousand in funding due to the increase in the working capital fund (WCF) contribution that GSA seeks from the OIG; \$98 thousand represents a 4 percent increase from our FY 2022 WCF bill. We have been told the GSA Administrator is seeking to increase spending for cybersecurity and IT which will result in a corresponding increase in WCF rates beginning in FY 2023.

## **GSA OIG Business Component Justifications**

Our major operational components—the Office of Audits, Office of Investigations, and Office of Inspections—share primary responsibility for overseeing GSA programs and operations. Increasingly, coordinated and joint efforts by the OIG’s offices are producing results that lead to program correction, savings, and successful prosecutions, some of which are noted below. While each component’s own activities well justify its cost, we are finding that often the combined efforts of our professional staffs add an important dimension to the OIG’s arsenal against misconduct and inefficiency. The appropriations for the OIG reflect a prudent investment in oversight of GSA activities.

### **Office of Audits**

#### **Program Description**

The Office of Audits is an organization charged with overseeing GSA’s use of taxpayer dollars as GSA administers its programs and operations. The goal of our audits is to support GSA’s primary business lines—acquisition services and real property—while ensuring their integrity, economy, and efficiency. To that end, we balance our audit coverage between contract and internal audits to meet a number of needs and requirements as follows:

- Program audits provide GSA management with independent assessments and input on potential solutions to challenges.
- Information technology and systems audits evaluate whether GSA’s information systems are designed to enable efficient and effective operations, contain adequate systems controls, are properly secured, and meet user requirements.
- Regulatory audits evaluate whether GSA complies with applicable laws and regulations.
- Internal control audits test the controls built into GSA’s programs and systems to determine whether those controls are operating as intended and providing reasonable assurance of achieving effective and efficient operations, reliable financial and performance reporting, and compliance with applicable laws and regulations.
- Contract audits examine selected contractors’ records and develop the financial information necessary for GSA contracting officers to negotiate favorable pricing arrangements on contract awards and administer existing contracts. These engagements include preaward and postaward examinations of Multiple Award Schedule contracts, as well as audits of construction claims, requests for equitable adjustment, and close-out audits.
- Audit oversight ensures independent public accountants comply with standards when performing the annual financial statements audit required under the 1990

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Chief Financial Officer's Act and the independent evaluation of GSA's information security program and practices required under the Federal Information Security Modernization Act of 2014.

Our auditors provide extensive oversight of billions of dollars in contracts awarded by GSA for products, services, and real property. During Fiscal Year 2020, our audits recommended over \$151 million in cost avoidances and recoveries, which included over \$7.6 million from our construction contract audits.

The significant results achieved by this organization are illustrated by the audit reports that we issued in FY 2021. In addition to the TDR Pilot and PIV card reports highlighted above, in August 2021 we issued an audit report on GSA Public Buildings Service's (PBS's) COVID-19 communication and cleaning procedures to determine whether GSA: (1) notified building occupants of confirmed COVID-19 cases and (2) cleaned and disinfected impacted space in accordance with Centers for Disease Control and Prevention (CDC) and PBS guidance in order to limit exposure to and transmission of COVID-19 in buildings under its jurisdiction, custody, or control.

The audit found that GSA did not always take appropriate action to limit the risk of exposure to COVID-19 in its owned and leased facilities. We found that PBS did not always receive or provide timely notice of positive COVID-19 incidents in accordance with PBS's notification process. As a result, GSA could not take appropriate action to clean and disinfect affected space. Further, building occupants, contractors, and visitors may have unknowingly passed through space contaminated by individuals infected with COVID-19, and been at increased risk of exposure to and transmission of the disease.

In addition, GSA did not always provide contractors with the correct scope of work to conduct detailed cleaning and disinfection services. Also, GSA did not implement consistent inspection and quality assurance procedures for COVID-19 custodial services. For these reasons, GSA does not have assurance that contractors cleaned and disinfected space in accordance with CDC and PBS guidance.

Based on our audit finding, we made multiple recommendations to GSA. We recommended that GSA issue timely notification of all COVID-19 incidents in GSA-controlled facilities to all occupant agencies, contractors, and visitors; and maximize awareness of COVID-19 incidents in GSA-controlled facilities. We also recommended that GSA ensure inspection procedures and guidance are clear, concise, and include appropriate processes to conduct and document inspections for COVID-19 cleaning. Lastly, we recommended that GSA implement quality assurance procedures that ensure PBS's consistent oversight of the delivery of safe, efficient, and effective custodial services.

In May 2021, we issued an audit report on the PBS National Capital Region's (PBS NCR's) management and oversight of the building services contracts at the U.S. Food and Drug Administration's (FDA's) White Oak campus in Silver Spring, Maryland. We performed this audit after confirming the merits of a hotline complaint that identified deficiencies in contract administration at the campus. The objective of our audit was to determine whether PBS NCR was administering and managing the building services contracts at the FDA's White Oak campus in accordance with applicable regulations and policies.

We found that PBS NCR failed to manage and oversee building services at the FDA's White Oak campus. In particular, we found multiple issues with PBS NCR's management and oversight of the \$1.2 billion Energy Savings Performance Contract (ESPC) task order that provides operations and maintenance (O&M) building services on the campus.

Our audit report contained the following eight findings:

1. PBS NCR did not enforce requirements of the ESPC task order. As a result, PBS NCR has no assurance that the contract is achieving the guaranteed cost savings needed to fund the \$1.2 billion contract and is planning to pay for repairs that are the contractor's responsibility.
2. Due to mismanagement and lack of oversight of after-hours O&M services, PBS NCR charged FDA for overpriced services that were not being provided.
3. Security at the White Oak campus was impaired because PBS NCR did not ensure that security protocols were followed.
4. PBS NCR mismanaged fire, life, and safety services for the White Oak campus, placing the facilities and personnel at risk.
5. PBS NCR allowed employees to perform contracting officer's representative duties although they lacked the required certification.
6. PBS NCR improperly provided the contractor with the "right of first refusal" for all O&M work on the campus, undermining competition and pricing.
7. PBS NCR improperly destroyed contract file documentation, violating the Federal Records Act, the Federal Acquisition Regulation, and GSA policy.
8. PBS NCR did not provide a clean, sanitary, safe, and healthy space at the child care center due to unresolved performance issues with the custodial contractor.

Based on our findings, we made 12 recommendations to improve PBS NCR's oversight of the administration and management of the building services contracts at the FDA's White Oak campus. Among other things, we recommended that PBS NCR improve oversight of ESPC savings; withhold payment until the ESPC contractor is able to verify energy savings; and, renegotiate O&M services. We also recommended that PBS NCR conduct a risk assessment of security vulnerabilities; improve the oversight of the fire, life, and safety contract; remove the "right of first refusal" from task orders; properly handle contract documentation; and, identify contractors that can meet the clinical cleaning requirements needed at the child care center.

## **Office of Investigations**

### **Program Description**

The Office of Investigations is comprised of special agents with full statutory law enforcement authority: they make arrests, execute search warrants, serve subpoenas, and carry firearms. Allegations investigated by OIG special agents include bribery, kickbacks, extortion, public corruption, false claims, credit card fraud, theft, diversion of excess government property, counterfeit products, product substitution, false statements, and a variety of other fraud-related crimes and offenses.

The Office of Investigations has developed and implemented an investigative action plan which contains the following elements:

- Investigations of alleged criminal violations and civil fraud by contractors, employees, and others relating to GSA acquisition programs;
- Criminal investigations relating to the integrity of GSA programs, operations, and personnel;
- The development and implementation of proactive investigations which address systemic investigative issues that cross GSA regional boundaries; and
- Investigations of allegations of serious misconduct by high-ranking GSA officials.

Highlights of the Office's work in FY 2021 include the following:

GSA OIG special agents conducted a wide range of significant investigations affecting taxpayers and agencies across the government. For example, their successful pursuit of False Claims Act cases resulted in two significant settlements. Cognosante, LLC, agreed to pay the United States \$18.98 million to resolve allegations that it violated the False Claims Act by using unqualified labor and overcharging the Federal Government for services provided to government agencies under two GSA contracts. Additionally, Workrite Ergonomics, LLC, agreed to pay the United States over \$7.5 million to resolve allegations that they made false disclosures and statements, including false commercial sales price disclosures, and violated the Price Reduction Clause by failing to give required discounts to government customers. GSA OIG led these investigations in coordination with the Department of Justice and other law enforcement partners.

We continued our efforts to combat corruption in the procurement process. As mentioned above, one of our recent investigations found that over a 5-year period, a former senior project manager for Schneider Electric Building America, Inc. received more than \$2.5 million in kickbacks in exchange for awarding work to subcontractors under its federal

contracts. This scheme affected five contracts awarded by four separate agencies having a cumulative value at over \$240 million. The manager pled guilty and was sentenced to three years' probation and forfeiture of \$2.56 million. Additionally, the investigation found that Schneider fraudulently charged the government for design costs on energy savings performance contracts it was not eligible to receive. The company agreed to pay \$11 million to the federal government in combined criminal restitution and civil settlement proceeds. Two subcontractor executives who paid the kickbacks admitted their roles in the scheme. One of them was sentenced to eight months' incarceration, and required to pay a fine and restitution totaling over \$800,000.

In another investigation, we found that a former Project Manager, Elmer "Butch" Baker, who worked for Alutiiq International Solutions LLC, engaged in a kickback and fraud scheme on a U.S. government construction contract administered by GSA. Baker demanded kickbacks from Alutiiq's subcontractor, Capital Contracting, Inc., in the form of meals, golf sessions, vacations, and other things of value that equated to approximately 10 percent of the amount of each subcontract modification that he awarded to them. Additionally, he illegally inflated subcontract estimates received from Capital Contracting prior to submitting them to GSA. Over the course of several subcontract modifications, he defrauded GSA out of approximately \$1.25 million between 2015 and 2018. Baker pleaded guilty to conspiracy and wire fraud charges and was sentenced to 30 months' incarceration and ordered to forfeit \$309,000. Alutiiq entered into a non-prosecution agreement with the Department of Justice and paid over \$1.25 million to resolve the allegations.

Our bribery investigation involving former GSA contracting officer Ronnie Simpkins also demonstrated our commitment to ensuring integrity in federal contracting. Simpkins received a 21-month prison sentence after our investigation found he received cash, meals, and furniture totaling over \$12,000 from a GSA contractor in return for approving their contract and advising them on how to avoid contract cancellation despite failing to meet contractual requirements.

We achieved important results in addressing set-aside contract fraud, which deprives legitimate, disadvantaged businesses the opportunity to fairly compete for government business. Our work in this area was highlighted by our joint investigation of Eddie Lee and Shaun Froelich, the Chief Executive Officer and Chief Operating Officer of E-Corp, Inc. Lee and Froelich assumed control of Raveco Enterprise, Inc., and used its legitimate Service Disabled Veteran-Owned Small Business (SDVOSB) status as a front for the formation of a joint venture to fraudulently obtain over \$15 million in set-aside SDVOSB contracts they were ineligible to receive. Lee and Froelich falsely certified in GSA's System for Award Management (SAM), and to the VA, that Raveco and its veteran owner earned the majority of the profits and made all decisions involving the joint venture. Our investigation determined that Lee and Froelich excluded the veteran from all major business decisions, and provided false documentation to the Small Business Administration (SBA) related to the formation of the joint venture. Both Lee and Froelich pleaded guilty to major fraud for their participation in the scheme. Lee was sentenced to

two years' probation and ordered to pay \$52,500 in restitution. Froelich was sentenced to one year probation and ordered to pay \$105,000 in restitution.

In another set aside contract fraud investigation by GSA OIG and our partners, we found that Troy Bechtel, former Project Manager for United Medical Design Builders (UMDB), lied to investigators when questioned about UMDB's eligibility to receive SDVOSB set-aside contracts. The investigation determined UMDB fraudulently obtained \$45.7 million in U.S. Army Corps of Engineers SDVOSB set-aside construction contracts it was not eligible to receive. Bechtel was charged with major program fraud for his alleged role in the set-aside scheme, and making false statements to investigators. Bechtel pleaded guilty to the false statement charge and is currently awaiting sentencing.

Our investigators also play a major role in protecting the government's supply chain, pursuing those who sell counterfeit, non-conforming, and substandard products to agencies through GSA contracts. A GSA OIG-led joint investigation found that Arthur Morgan, owner and Chief Executive Officer of Surveillance Equipment Group (SEG) and its division SEG Armor, falsely certified that the ballistic vests, helmets, riot gear, and other items he offered for sale under his federal contract were from designated countries, specifically, Hong Kong and the United States. In fact, Morgan sourced items totaling approximately \$650,000 on at least 11 orders from China, in violation of the Trade Agreements Act (TAA), and he falsely certified they were made in TAA-compliant countries. During the execution of search warrants at Morgan's properties, agents recovered multiple firearms, ammunition, and high capacity magazines along with ballistic vests, plates, and helmets. At the time that Morgan possessed the firearms, ammunition, and body armor, he was a convicted felon prohibited from possessing firearms, ammunition, and ballistic armor. Morgan pleaded guilty to charges of wire fraud and being a prohibited person in possession of a firearm and is currently awaiting sentencing.

## **Office of Inspections**

### **Program Description**

The Office of Inspections is responsible for independently and objectively analyzing and evaluating GSA's programs and operations through management and programmatic inspections that are intended to provide insight into issues of concern to GSA, Congress, and the American public. The office also formulates, directs, and coordinates quality assurance for the OIG.

Inspections are systematic and independent assessments of the design, implementation, and results of GSA's operations, programs, and policies. Inspections may include an assessment of efficiency, effectiveness, impact, and sustainability.

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In 2021, the Office of Inspections issued report JE21-001, *GSA's National Capital Region Internal Fleet is Underutilized*. GSA serves more than 75 federal agencies and departments, including GSA, by acquiring and assigning leased vehicles. GSA's Office of Administrative Services (OAS), Office of Workplace Management and Services is responsible for the acquisition, management, and removal of motor vehicles in its internal fleet. Federal regulation requires agencies to justify a full-time vehicle assignment and provides minimum mileage guidelines that agencies may use to justify their fleet.

Our evaluation found that over 99 percent of National Capital Region vehicles did not meet both federal and GSA minimum mileage guidelines. As a consequence, GSA spent an estimated \$351,618 annually on these underutilized vehicles in FY 2019.

The evaluation also revealed that OAS operated an Executive Driver Program at GSA Headquarters to transport Agency senior executives to and/or from GSA-related meetings and events in the Washington, D.C. area. Using readily available commercial transportation services, GSA could reduce the annual costs of the Executive Driver Program, and could put at least \$53,180 of funds to better use.

The Office of Inspections issued report JE21-002, *Evaluation of the General Services Administration's Use of an Ad Hoc Appraisal Process for an Executive*, found that then GSA Chief Human Capital Officer (CHCO) Antonia Harris and a GSA Office of General Counsel (OGC) supervisory attorney violated agency policy and failed to comply with basic due process principles that tainted an SES performance review, rating, and reassignment.

The evaluation found that Harris and the attorney circumvented the supervisor's role and responsibilities when they unilaterally pursued a misconduct review without the consent of the Executive's supervisor, failed to permit a reviewer from another agency to interview Executive, withheld exculpatory evidence from the reviewer, the SES Performance Review Board, and Administrator, and failed to maintain the objectivity of the reviewer. Further, the Executive was not notified of the entirety of the evidence provided to the reviewer, and was not permitted a meaningful opportunity to respond to the disciplinary reports when the Performance Review Board found misconduct based on a third-party agency's recommendation that did not comply with GSA's policy.

Our restricted report, *Facility Security Inspection of a High-Risk GSA Building*, JE21-003, was the culmination of a combined effort of the Offices of Inspection, Investigation, and Counsel. The inspection revealed pervasive deficiencies in site security and security operations and administration at the building, including significant problems with the closed circuit camera surveillance and intrusion detection systems, lax enforcement of physical security requirements and parking restrictions, unsecured restricted areas, a contract employee living in the building unbeknownst to the security guards on duty, prohibited substances on site, suspected on-duty marijuana use by a contract employee, inaccessible hazardous waste cleanup materials, and a faulty occupant emergency plan. Some of these issues, such as the problems with the closed circuit cameras and intrusion detection

systems, are long-standing. The OIG Office of Investigations notified GSA leadership in July 2020 of security camera issues, and in 2018, a security assessment conducted by another federal agency recommended that GSA implement and maintain an adequate intrusion detection system for the building.

The pervasive deficiencies found in our inspection compromise the security of the building, as well as the safety and security of its occupants, and expose the building, employees, and visitors to unnecessary risks. On August 16, 2021, after determining that the contract employee had been sleeping at the building for at least two weeks, the OIG notified the GSA Deputy Administrator and the Chief of Staff of this and two other issues identified during our second site visit, to enable the agency to take appropriate management action pending completion of fieldwork and issuance of our report. The building director responded and notified the inspection team on August 18, 2021, that the agency had taken corrective actions to resolve those three issues.

## **Executive Direction and Business Support Offices**

### **Program Descriptions**

**Office of the Inspector General:** The Inspector General (IG), Deputy Inspector General, Associate Inspector General, and their support staff supervise, coordinate, and provide policy and programmatic direction for all activities within the OIG, including audit, investigation, and inspection activities; Congressional affairs; and media relations. The IG recommends policies for and coordinates activities to promote economy and efficiency in the administration of and the prevention and detection of fraud and abuse in the programs and operations of GSA.

**Office of Counsel:** This office provides legal advice and assistance to all OIG components nationwide, represents the interests of the OIG in connection with audits and investigations and in litigation arising out of or affecting OIG operations, and advises on statutes and regulations and assists with legislative concerns. Counsel represents the OIG in personnel matters before administrative tribunals and provides support to U.S. Attorneys' Offices and the DOJ in False Claims Act and other litigation. The Office of Counsel also is responsible for the OIG's ethics, Freedom of Information Act, and Federal Acquisition Regulation mandatory disclosure programs.

**Office of Administration:** This office consists of a multidisciplinary staff that provides budgetary, human resources, information technology, facilities, contracting, and other administrative support and services to all OIG offices. The Office of Administration is responsible for providing the technical, financial, and administrative infrastructure to the OIG.

## **FY 2023 Performance Plan**

The OIG's strategic plan aligns with our statutory reporting requirements in the Semiannual Report to the Congress (SAR). We provide our annual performance in the SAR that is published shortly after the end of each fiscal year.

### **Strategic Goal No. 1: Protect taxpayer dollars by promoting the economy, efficiency, and effectiveness of GSA programs and operations.**

#### **Discussion**

The OIG's audits, inspections, and investigations support GSA operations by identifying mismanagement and control weaknesses; assisting contracting officers in achieving the best prices for goods and services; identifying non-compliance with statutes, regulations, and contract terms; suggesting ways to mitigate management control weaknesses and other systemic problems; and recommending or seeking recoveries of funds owed to the government. Audits, inspections, and investigations are performed in response to indications of possible deficiencies and requests for assistance from GSA personnel and Congress. The OIG advises GSA management of identified opportunities to increase the economy, efficiency, and effectiveness of GSA's programs and operations.

#### **Performance Goals:**

- *Identify potential savings and efficiencies in GSA contracts and programs.*
- *Seek recoveries of monies owed the United States.*
- *Provide audit, inspection, investigation, and other reports and memoranda that enable agency management to make improvements in agency operations.*

#### **Performance Measures:**

- *Dollar value of civil, criminal, and administrative monetary accomplishments.*
- *Financial impact identified in audit reports and memoranda issued.*
- *Program impact identified in audit reports and memoranda.*
- *Program impact identified in inspection reports and memoranda.*

**Strategic Goal No. 2: Prevent and detect fraud and abuse in GSA programs and operations.**

**Discussion**

The OIG uses information from its audits, investigations, and inspections to suggest ways GSA can mitigate problems that could allow fraud and or abuse to occur. The OIG detects potential fraud and other criminal conduct, and refers potential fraud cases to the Department of Justice. The OIG will provide information to GSA relevant to administrative actions and potential debarments.

***Performance Goals:***

- *Investigate allegations indicating violations of statutes, regulations, and policies.*
- *Seek Department of Justice involvement in potential fraud cases.*
- *Refer contractors to GSA officials for suspension and debarment where their level of responsibility poses a risk to federal government customers.*
- *Provide agency management with information necessary to take personnel and other administrative actions.*

***Performance Measures:***

- *Number of criminal referrals, acceptances, and convictions.*
- *Number of civil referrals, acceptances, and resolutions.*

**OIG Strategic Goal No. 3: Focus on high-risk and high-impact areas.**

**Discussion**

The OIG will focus its audit, inspection, and investigation resources on issues with potentially significant impact on GSA programs and operations; assist GSA management in ensuring the integrity of high-dollar and high-priority programs and procurements; and recommend to GSA any necessary programmatic changes to ensure process efficiency and achievement of the agency's mission and goals. By focusing on high-risk areas, the OIG should achieve greater monetary savings for GSA.

***Performance Goals:***

- *Perform audits of GSA contracts, programs, and systems that present the most significant management challenges, high-risk areas, cybersecurity vulnerabilities, and opportunities for improvement.*

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- *Perform inspections of high priority and high visibility GSA programs and activities that present significant risks to GSA and its stakeholders.*
- *Devote investigative resources to potentially significant government losses and serious breaches of the integrity of agency programs and operations.*

***Performance Measures:***

- *Percent of audit resources focused on high-priority areas, including management challenges and support of False Claims qui tam and other civil prosecution cases.*
- *Percent of inspection resources focused on high-priority assignments that impact GSA or the Federal Government.*
- *Percent of investigative resources focused on fraud and other high-priority cases.*