

**Fiscal Year 2024 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, \$78,618,000: *Provided*, That not to exceed \$1,500,000 shall be available for information technology enhancements related to providing a modern technology case management solution: *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 2020 Enacted</b>	<b>FY 2021 Enacted</b>	<b>FY 2022 Enacted</b>	<b>FY 2023 Enacted</b>	<b>FY 2024 Request</b>
<b>Request to Congress:</b>	<b>\$68,000,000</b>	<b>\$69,000,000</b>	<b>\$69,000,000</b>	<b>\$74,583,000</b>	<b>\$78,618,000</b>
Appropriated:					
Annual Funds	\$67,000,000	\$67,000,000	\$69,000,000	\$74,583,000	
Rescissions					
Sequestration					
No-Year Funds					
Rescissions					
<b>Total.....</b>	<b>\$67,000,000</b>	<b>\$67,000,000</b>	<b>\$69,000,000</b>	<b>\$74,583,000</b>	

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**Amounts Available for Obligation**

(Dollars in Thousands)

	<b>FY 2022 Actual</b>	<b>FY 2023 Enacted</b>	<b>FY 2024 Request</b>
Unobligated balance, start of year <sup>1</sup> .....	\$3,517	\$3,517	\$517
<i>Discretionary authority:</i>			
Appropriation (annual).....	\$69,000	\$74,583	\$78,618
Appropriation (no-year).....			
<i>Reimbursable authority:</i>			
Offsetting collections.....	\$600	\$600	\$600
<b>Subtotal amount available for obligation</b>	<b>\$73,117</b>	<b>\$78,700</b>	<b>\$79,735</b>
<i>Discretionary authority:</i>			
Unobligated balance, expiring.....	(\$1,252)	\$0	\$0
Unobligated balance, end of year.....	(\$3,517)	(\$517)	\$0
<i>Reimbursable authority:</i>			
Unobligated balance, expiring.....	(\$251)	\$0	\$0
<b>Total obligations</b>	<b>\$68,097</b>	<b>\$78,183</b>	<b>\$79,735</b>
Obligations, appropriated (annual).....	\$67,748	\$74,583	\$78,618
Obligations, appropriated (no-year).....	\$0	\$3,000	\$517
Obligations, reimbursable.....	\$349	\$600	\$600
<b>Net outlays, appropriated.....</b>	<b>\$67,678</b>	<b>\$76,773</b>	<b>\$78,814</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)

	<b>FTE</b>	<b>Budget Authority</b>
2023 Request <sup>2</sup>	267	\$ 74,583
2024 Request	<u>285</u>	<u>\$ 78,618</u>
Net Change.....	18	\$ 4,035

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<sup>2</sup> In FY 2023, due to uninhabitable space conditions from inadequate ventilation in GSA's Central Office unrenovated portion of the building, the OIG anticipates utilizing FY 2023 enacted appropriations to relocate to a renovated section of the GSA building at 1800 F Street. In order to fund these unforeseen costs, the level of employees that could be supported in FY 2023 was adversely impacted.

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	<u>FTE</u>	<u>Budget Authority</u>
<b>Maintaining Current Levels:</b>		
Personnel Compensations & Benefits Adjustments:		
FY 2024 FERS Retirement Payments <i>Decrease</i> (-0.1% Non-LEO FERS RAE and FRAE)		\$ (13)
FY 2024 FERS Retirement Payment Increase (0.6% for LEO)		\$ 69
2023 Pay Increase (4.6%), Q1 FY 2024		\$ 661
2024 Pay Increase (5.2%), Q2-Q4 FY 2024		\$ 2,282
<b>Subtotal, Maintaining Current Levels</b>		<b>\$ 2,999</b>
<b>Program Initiatives:</b>		
Mission Critical IT Enhancements		\$ 2,500
<b>Subtotal, Program Initiatives</b>		<b>\$ 2,500</b>
<b>Program Increases:</b>		
Personnel Compensation & Benefits	18	\$ 2,405
Travel and Transportation		\$ 200
<b>Subtotal, Program Increases</b>	<b>18</b>	<b>\$ 2,605</b>
<b>Program Decreases:</b>		
Rent		\$ (29)
Advisory and Assistance Services		\$ (841)
Purchases of Goods & Services from Govt Accts		\$ (1,649)
Equipment		\$ (1,550)
<b>Subtotal, Program Decreases</b>		<b>\$ (4,069)</b>
<b>Net Change.....</b>	<b>18</b>	<b>\$ 4,035</b>
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Reimbursable Resources	3	\$ 600

**Summary of Request**

The FY 2024 budget requests a total of **\$78,618 thousand** for the Office of Inspector General. This represents a net increase of **\$4,035 thousand** from the FY 2023 request and includes the following adjustments:

- -\$13 thousand for FY 2024 FERS retirement payments *decrease* (-0.1% for Non-LEO, FERS RAE and FRAE)
- \$69 thousand for FY 2024 FERS retirement payments increase (0.6% for LEO)
- \$661 thousand for 2023 pay increase (4.6%), Q1 FY 2024
- \$2,282 thousand for 2024 pay increase (5.2%), Q2-Q4 FY 2024
- \$2,500 thousand for mission critical IT enhancement
- \$2,405 thousand for personnel compensation & benefits increase
- \$200 thousand for travel and transportation increase
- -\$29 thousand for rent *decrease*
- -\$841 thousand for advisory and assistance services *decrease*
- -\$1,649 thousand for purchases of goods and services from Government accounts *decrease*
- -\$1,550 thousand equipment *decrease*

**Reimbursable Programs:** The FY 2024 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 2024 Annual CIGIE Assessment (0.40% of \$78,618,000)</b>	<b>\$314,472</b>
<b>FY 2024 Annual Training Request: Certified by the Inspector General, (includes training travel)</b>	<b>\$700,000</b>

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**Obligations by Object Classification**

(Dollars in Thousands)

	FY 2022	FY 2023	FY 2024
	Actual	Enacted	Request
11.1 Full-time permanent	\$34,168	\$35,968	\$39,615
11.3 Other than full-time permanent	\$220	\$183	\$225
11.5 Other personnel compensation	\$2,580	\$2,867	\$2,984
11.8 Special personal services payments	\$0	\$0	\$0
<b>11.9 Total personnel compensation</b>	<b>\$36,968</b>	<b>\$39,018</b>	<b>\$42,824</b>
12.1 Civilian personnel benefits	\$15,032	\$16,025	\$17,623
21.0 Travel and transportation of persons	\$612	\$800	\$1,000
22.0 Transportation of things	\$0	\$0	\$0
23.1 Rental payments to GSA	\$5,047	\$5,190	\$5,161
23.2 Rental payments to others	\$0	\$0	\$0
23.3 Communications, utilities and miscellaneous charges	\$339	\$350	\$350
24.0 Printing and reproduction	\$2	\$5	\$5
25.1 Advisory and assistance services	\$2,020	\$3,688	\$4,597
25.2 Other services	\$9	\$10	\$10
25.3 Purchases of goods and services from government accounts	\$4,846	\$5,237	\$3,588
25.4 Operation and maintenance of facilities	\$0	\$0	\$0
25.7 Operation and maintenance of equipment	\$1,432	\$1,550	\$1,550
26.0 Supplies and materials	\$76	\$100	\$100
31.0 Equipment	\$1,363	\$2,600	\$1,800
91.0 Unvouchered	\$2	\$10	\$10
<b>99.0 Subtotal</b>	<b>\$67,748</b>	<b>\$74,583</b>	<b>\$78,618</b>
99.0 Reimbursable obligations	\$349	\$600	\$600
<b>99.9 Total Obligations</b>	<b>\$68,097</b>	<b>\$75,183</b>	<b>\$79,218</b>



## FY 2024 Request

For FY 2024, the General Services Administration (GSA) Office of Inspector General (OIG) requests \$78,618 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.

This requested funding level seeks to reinstate the staffing level intended in the FY 2023 enacted budget. It funds a mandated, government-wide increase in salary costs and provides funding to support a modernized, cloud-based case management system for our Office of Investigations.

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 four officers and employees of Aventura Technologies, Inc., pleading guilty for their roles in a scheme to sell Chinese-made equipment with known cybersecurity vulnerabilities to government and private customers. They falsely represented that the equipment was made in the United States when in fact the products were manufactured in China. They are currently awaiting sentencing and have agreed to forfeit \$390,000 collectively. Three additional co-conspirators have been charged in this case.

We also identified inefficiencies and mismanagement. Our auditors identified concerns with the Public Buildings Service's (PBS's) stewardship of customer agencies' appropriated funding provided through interagency agreements known as reimbursable work authorizations (RWAs). In December 2022, we reported that the Special Programs Division did not effectively fulfill its stewardship responsibilities for customer agency funding of RWAs. We found that the Special Programs Division—which is responsible for a portfolio of RWAs totaling over \$528 million—accepted and executed RWAs without sufficient consideration of applicable laws, regulations, and GSA policies. The Special Programs Division violated the *bona fide* needs rule by accepting an RWA with poorly defined requirements and adding to the scope of work for another RWA more than 2 years after acceptance. Additionally, the Special Programs Division did not deliver and close out work requested through several other RWAs in a timely manner, thereby increasing the risk of appropriations law violations.

Our audit of the Federal Acquisition Service's (FAS's) use of the Price Point Plus Portal (4P) tool found that FAS contracting personnel used flawed methodologies and practices when performing contract price analyses with the 4P tool. FAS developed the 4P tool to help its contracting personnel evaluate proposed pricing on Multiple Award Schedule

(MAS) contracts offering products. In turn, FAS contracting personnel rely on the 4P tool when making fair and reasonable pricing determinations. However, due to a lack of sufficient guidance and oversight regarding the use of the 4P tool, FAS contracting personnel awarding contracts and options often make pricing decisions that do not comply with the Federal Acquisition Regulation, FAS policy, and the Competition in Contracting Act of 1984 (CICA). In addition, FAS contracting personnel rely on the 4P tool although it often contains outdated or inaccurate pricing data that could skew price analysis results. As a result, federal agencies are at risk of overpaying for products on MAS contracts and taxpayer dollars are at risk of being overspent.

Our oversight work also frequently examines fire, safety, and health issues. A particularly concerning audit we completed recently found persistent problems in PBS's evaluation and authorization process, which is designed to identify, assess, and mitigate potentially high-risk uses within GSA-controlled space. Some GSA space is used by tenant agencies for high-risk purposes—such as laboratories, firing ranges, and explosive material storage—which present unique fire, safety, and health hazards. We found that PBS has not identified all high-risk uses of space under GSA control and as a result, it has not taken measures to eliminate or mitigate potential fire, safety, and health hazards arising from high-risk uses of space, or identified and addressed all incompatible occupant activities.

Our security inspection of a high-risk building identified multiple vulnerabilities that compromised the security of a GSA building, as well as the safety and security of its occupants, and exposed the facility, employees, visitors, and customers to unnecessary risks. The building is high risk due to its mission criticality and essential support functions for a myriad of organizations across the federal government. The deficiencies identified included grave 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. As a result of the inspection, GSA immediately began coordinated security enhancements and upgrades with the Federal Protective Service. In addition, GSA has taken quick steps there to conduct a comprehensive operational, infrastructure, fire, and life safety review; reinstate critical safety and security plans; and institute mandatory training on occupant emergency plans.

Other highlights of the work of our auditors, investigators, and inspectors are described in more detail later in this document.

**Mission Critical IT Enhancements:** The OIG requests \$2,500 thousand to meet new mission critical IT infrastructure requirements and initiatives related to implementing cloud services/solutions and improving security measures,

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.

Of the \$2,500 thousand requested, \$1,500 thousand is necessary to support a modern technology case management system for our Office of Investigation. Currently, the Office of Investigations uses the eCase case management system to electronically manage information associated with the investigations of GSA programs and operations, criminal investigators' training and medical requirements, and sensitive equipment inventory. The eCase application is an on-premise tool that requires repeated lifecycle upgrades in hardware and infrastructure, dedicated physical space in a datacenter, and continual maintenance and security attention by IT personnel. Funding for this request would replace the current eCase system with a cloud-based product that is compliant with federal government IT standards as well as meets Federal Risk and Authorization Management Program (FedRAMP) certification requirements.

In addition, \$1,000 thousand is needed to increase security of our legacy applications by transitioning them to the Cloud.

## **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 components 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 MAS 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

Chief Financial Officer's Act and the audit 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 2022, our audits of these contracts recommended over \$467.5 million in cost avoidances and recoveries, which included over \$2.5 million from our construction contract audits.

In addition to our contract audits and the reports on RWAs, the 4P Tool, and high-risk space highlighted above, the Office of Audits' significant results in Fiscal Year 2022 include our June 2022 audit report on security camera and alarm systems at GSA-owned buildings. GSA, in conjunction with the U.S. Department of Homeland Security's Federal Protective Service (FPS), has an important role in protecting its inventory of GSA-owned buildings. Our audit objective was to determine whether the security camera and alarm systems in GSA-owned buildings are effectively protecting the safety of the public, employees, and federal property.

We performed this audit based on concerns over the condition of security camera equipment in GSA-owned buildings raised by GSA officials and prior GSA OIG reports. We found that the poor condition of the security camera and alarm systems in the 14 GSA-owned buildings we visited validated these concerns. Although GSA and FPS have a memorandum of agreement in place to coordinate on managing these systems, little action is being taken to address the situation.

Based on our findings, we recommended that the GSA Administrator:

1. In conjunction with the Federal Protective Service, conduct a nationwide assessment of GSA-owned buildings to identify security camera and alarm systems; develop and implement a plan to repair, replace, and install the security camera and alarm systems identified through the nationwide assessment; and revise GSA's memorandum of agreement with FPS to clearly define responsibility for repairing and replacing security camera and alarm systems within an acceptable time frame.
2. If, in conjunction with FPS, GSA is not able to secure funding to repair, replace, or install security camera and alarm systems, GSA should work to establish a consistent funding stream to address current and future security camera and alarm systems.

Specifically citing our auditing work, the House Appropriations Subcommittee on Financial Services and General Government stated in the report accompanying its Fiscal Year 2022 bill that it was including funding for a comprehensive assessment to identify security vulnerabilities at child care centers located in GSA-controlled buildings and to expedite upgrades at these facilities.

In September 2022, we reported on significant deficiencies in FAS's contract pricing under its Multiple Awards Schedule (MAS) Program. The MAS Program is a major government-wide contracting vehicle. In FY 2022 alone, sales through the program exceeded \$40 billion. According to CICA, the procedures established under the MAS program are competitive as long as MAS orders and contracts result in the lowest overall cost alternative to meet the government's needs. However, after examining 20 recent MAS contract and option awards, we found that price analyses performed by FAS contracting personnel cannot provide customer agencies with assurance that orders placed against MAS contracts will result in the lowest overall cost alternative.

Our audit analyzed the pricing methodologies FAS used on MAS contracts that participate in the Transactional Data Reporting (TDR) pilot, as well as contracts that required Commercial Sales Practices (CSP) disclosures, and found that the price analyses under both methodologies were deficient. When performing price analyses on TDR pilot contracts, FAS contracting personnel do not have access to TDR data that can be used for pricing decisions and as a result, they mainly compared proposed pricing to other MAS and government contracts. However, this approach does not provide customer agencies with assurance that FAS achieved pricing that reflects the offerors' best pricing and will result in the lowest overall cost alternative to meet the government's needs. In addition, when we met with FAS contracting personnel, 7 of the 11 we interviewed expressed concerns to us about the TDR pilot's value to the MAS program and concluded that, in their opinion, the TDR pilot should be canceled.

Meanwhile, when performing price analyses for contracts subject to the CSP requirement, FAS contracting personnel frequently accepted commercial pricing information from offerors that was unsupported, outdated, or that identified no comparable commercial sales. As a result, FAS cannot provide customer agencies with assurance that MAS contract pricing will result in the lowest overall cost alternative to meet the government's needs.

To address these findings, we recommended that the FAS Commissioner:

1. Cancel the TDR pilot.
2. Inform customer agencies that they should perform separate and independent price determinations because relying on MAS contract pricing and following the ordering procedures for these contracts may not ensure compliance with the CICA requirement that orders and contracts result in the lowest overall cost alternative.
3. Establish requirements and controls to ensure that FAS contracting personnel adequately analyze CSP information.
4. Explore new pricing methodologies that can ensure that FAS's contracting personnel are able to leverage aggregate government buying power to negotiate and award MAS contracts that result in orders that reflect the lowest overall cost alternative to meet the needs of the government.

During FY 2022, we also continued our audit oversight of GSA's response to COVID-19. In September 2022, we issued a report that identified challenges to GSA's efforts to improve air filtration in GSA-controlled facilities. Guidance issued by the Centers for Disease Control (CDC) recommends improving building ventilation to slow the spread of COVID-19 in the workplace. To do so, the CDC recommends increasing air filtration to the highest possible level without significantly reducing design airflow. It also advises employers to check air handling unit air filters to ensure they are within their service lives and are appropriately installed. The CDC guidance incorporates the American Society of Heating, Refrigeration, and Air-Conditioning Engineers technical resources, which state that the Minimum Efficiency Reporting Value (MERV) of 13 or higher rated air filters are efficient at capturing airborne viruses.

However, we found that PBS cannot install the recommended air filters in some GSA-owned facilities because the aging HVAC systems cannot handle MERV 13 air filters. In addition, PBS is not consistently verifying that operations and maintenance contractors change air filters or meet preventive maintenance requirements for air handling units in GSA-owned facilities. We also found that PBS is not consistently inspecting GSA-leased space to ensure that air filters meet lease requirements. In some cases, lessors used noncompliant air filters or did not change them regularly. As a result, PBS is using air filters in some GSA-controlled facilities that are less efficient at capturing airborne viruses, including the virus that causes COVID-19.

We recommended that the PBS Commissioner address the deficiencies identified in our report to decrease the risk of exposure to COVID-19 in GSA-controlled facilities. For GSA-owned facilities, we recommended that PBS:

1. Conduct an accurate and complete assessment of existing HVAC systems to identify deficiencies in air filtration. Based upon the assessment, PBS should maximize central air filtration in existing HVAC systems without significantly reducing design airflow.
2. Review and update current and future O&M contracts to ensure that they clearly identify the required MERV air filters and preventive maintenance schedules.
3. Establish controls to ensure that PBS obtains and maintains complete preventive maintenance records.
4. Ensure contracting officer representatives conduct inspections of mechanical rooms and preventive maintenance records to ensure that air filters meet MERV requirements.

For GSA-leased facilities, we recommended that PBS:

1. Review and update current and future lease agreements to ensure that they clearly identify the required MERV air filters and preventive maintenance schedules.
2. Ensure that lessors maintain and provide required preventive maintenance records and provide timely access to mechanical rooms.

3. Ensure PBS representatives inspect mechanical rooms and preventive maintenance records to ensure that air filters meet MERV requirements.

## **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, 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;
- Proactive initiatives, including the use of data analytics, 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 2022 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 the largest-ever False Claims Act recovery based on allegations of small business contracting fraud. TriMark USA, LLC, agreed to pay \$48.5 million to resolve allegations they manipulated the award of federal contracts intended for small businesses. TriMark's alleged conduct deprived legitimate Service-Disabled Veteran-Owned Small Businesses and other qualified small businesses from these procurements. Additionally, Dakota Outerwear agreed to pay the United States \$1 million to resolve civil allegations that the company violated the False Claims Act by conspiring with others to manufacture, import and sell counterfeit military uniforms and gear to the government



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which was manufactured in China and Pakistan. GSA OIG worked these investigations in coordination with the Department of Justice and other law enforcement partners.

Our agents play a significant role in combating major procurement fraud and ensuring the integrity of federal contracting. For example, we led a multi-agency investigation that resulted in three co-conspirators pleading guilty to bribery charges in relation to GSA PBS construction contracts. Charles Jones, a former GSA Supervisory Construction Control Representative, and prime GSA contractors Jennifer C. Strickland, President, SDC Contracting LLC, and Daniel L. Crowe, President, Contractors USA Incorporated, each pleaded guilty for their role in the scheme. The investigation determined that Strickland made cash payments to Jones totaling \$43,500. In return, Jones awarded her company a GSA construction contract valued at approximately \$1.3 million. SDC was to provide construction and renovation services at federal buildings throughout the Eastern District of Virginia, including the Lewis F. Powell, Jr., United States Courthouse in Richmond, VA. The investigation also determined that between December 2015 and August 2019, Crowe provided payments to Jones totaling over \$400,000 in exchange for Jones assisting and recommending Crowe's firm to obtain work on government contracts. All three are currently awaiting sentencing. In another investigation, Jesse Leonard, former Construction Control Representative, GSA PBS, pleaded guilty to soliciting and receiving bribes or kickbacks from contractors with whom he awarded construction contracts to between November 2020 and October 2021, Leonard was ordered to pay a forfeiture amount of \$17,500 dollars and is currently awaiting sentencing.

In another major GSA OIG-led procurement fraud investigation, we determined that former United States Air Force employee Keith Sequin conspired with federal contractors including David J. Bolduc, Jr., one of the owners of QuantaDyn Corporation, in a bribery scheme that spanned more than a decade and involved GSA contracts valued over \$400 million. From 2007 to 2018, Bolduc and QuantaDyn paid more than \$2.3 million in bribes to Sequin, who administered GSA and DoD contracts, in exchange for steering government contracts for military simulators to QuantaDyn. Payments to Sequin were laundered through a company owned by Rubens Fiuza Lima, disguised as legitimate purchases of supplies and equipment. Sequin and Bolduc also conspired with John Hancock and Karen Paulsen, two former program managers who worked for a defense contractor, to steer a \$413 million GSA contract to their employer with the understanding they would subcontract the work to QuantaDyn. Hancock admitted his conduct resulted in government losses totaling over \$23.7 million, and Paulsen admitted her conduct resulted in losses of over \$8 million. QuantaDyn pleaded guilty to conspiracy to commit wire fraud and was ordered to pay \$37.7 million in restitution, a \$6.3 million fine, forfeit \$7.1 million in seized assets, and pay a \$22.8 million forfeiture money judgment. Sequin, Bolduc, Fiuza Lima, Hancock, and Paulsen also pleaded guilty and await sentencing. As part of his plea, Sequin was ordered to forfeit \$2.3 million.

Our investigators found that Stephanie Elliott, who was debarred from getting U.S. Government contracts due to prior misconduct, created multiple companies in GSA's

System for Award Management (SAM) using fictitious names in order to circumvent her previous debarment. She used these companies to obtain more than 1,000 government contracts valued at over \$2.2 million for supplies that she never provided, but for which she received payment. Elliott was sentenced to nine years in prison for her crimes and ordered to pay over \$7.3 million in restitution and forfeitures. In another case involving SAM, we found that Hurriyet Arslan and Sercan Oyuntur schemed to fraudulently access a government contractor's SAM account and diverted a \$23.4 million payment for work the contractor performed under a DoD contract to an account controlled by Arslan. Oyuntur was found guilty at trial, but he fled the United States prior to sentencing. Arslan pleaded guilty and was sentenced to 20 months' incarceration, three years' supervised release, and was ordered to pay \$23.4 million jointly with Oyuntur.

We also 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 multi-agency investigation of Stephon Ziegler, owner of Zieson Construction Company. Ziegler acted as a figurehead, and allowed Matthew McPherson and his co-conspirators to run the business and perform almost all of its daily functions. This allowed Zieson to fraudulently obtain \$335 million in federal contracts set aside for veteran and disadvantaged businesses that it was ineligible to receive. The investigation also found that Rusty Simon, owner of Simcon Corp., whose company was eligible for Small Business Administration (SBA) 8(a) disadvantaged business set-aside contracts, received payments from the co-conspirators to use Simcon's name and status to fraudulently obtain \$11.3 million in such contracts. Zeigler, McPherson and Simon pleaded guilty to crimes associated with their roles in the scheme. Zeigler was sentenced to one year incarceration and three years' probation. McPherson was sentenced to 28 months' incarceration with three years of supervised release. Simon was sentenced to five years' probation with 12 months' home confinement.

In another set aside contract fraud investigation by GSA OIG and our partners, we found that Valerie Gonzalez, owner of Primus Group, acted as a figurehead and lent her name and service-disabled veteran status to a scheme that allowed another contractor to fraudulently obtain \$4.2 million in federal contracts set aside for serviced disabled veterans that the contractor was ineligible to receive. Gonzalez pleaded guilty to wire fraud and was sentenced to three years' probation and ordered to pay \$6,000 in restitution.

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. In addition to the Dakota Outerwear civil settlement mentioned above, a GSA OIG-led joint investigation resulted in five officers and employees of Aventura Technologies, Inc., pleading guilty for their roles in a scheme to sell Chinese-made equipment with known cybersecurity vulnerabilities to government and private customers. They falsely represented that the equipment was made in the United States when in fact the products were manufactured in China. The five are currently awaiting sentencing and have agreed to forfeit \$390,000 collectively. Two additional co-

conspirators have also been charged in this case. In another investigation, we obtained a \$969,609 civil settlement with GSA contractor Nightingale Corporation to resolve allegations under the False Claims Act that Nightingale falsely certified that their chairs were being manufactured in Tonawanda, New York, when in fact the chairs were made in Canada. Nightingale's contract with GSA required the office chairs to be manufactured in the United States.

## **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.

The Office of Inspections issued a FY 2023 report on GSA's oversight of its federal surplus firearms donation program. Our report found that from 1999 to 2022, GSA operated its firearms program without establishing an agency-issued Order with a system of management objectives and requirements to ensure adequate oversight and criteria. As a result, the firearms program continues to operate under a patchwork of improvised guidance. GSA has improved overall firearms program data reliability since our FY 2015 limited evaluation report that found the agency's inventory records were not complete or accurate, increasing the risk that donated firearms are unmonitored and vulnerable to theft, loss, or unauthorized use. However, some inaccuracies remain that hinder the agency's ability to identify and track all firearms throughout the donation lifecycle.

Based on our findings, we recommended the Assistant Commissioner of the Office of General Supplies and Services:

1. Review and revise GSA Order FSS P 4025.5 to establish the management objectives and requirements of the Surplus Firearms Donation Program, including GSA's roles and responsibilities for surplus firearms.
2. Coordinate with the GSA Office of General Counsel to revise internal procedural documents, including the standard operating procedures, to reflect current practices and ensure they are consistent with each other and with federal requirements.

3. Establish a process to ensure GSAXcess initial firearms data entered by federal agencies into GSAXcess is both accurate and sufficient to allow for the proper identification, tracking, and donation of surplus firearms.
4. Establish a process to ensure GSA firearms staff proactively screen and timely update GSAXcess firearms data to avoid errors.
5. Implement a centralized records management system to ensure both the consistent storage and efficient access of documentation supporting GSA's Surplus Firearms Donation Program.

Also in FY 2023, the Office of Inspections issued a report on indoor air quality in the unrenovated Wings 0 and 3 of the GSA Headquarters Building that identified persistent issues with the ventilation systems and equipment. We found that PBS's leadership had been aware of the issues for years and did not take sufficient action to address those deficiencies. During COVID-19, GSA began to implement Centers for Disease Control and Prevention mitigating actions to reduce the risk of spreading the virus that causes COVID-19. However, we found that the mitigating actions GSA took during the pandemic did not abate or improve the long-standing ventilation systems and equipment issues. Therefore, GSA cannot ensure that occupants in the unrenovated Wings 0 and 3 of the Headquarters Building are in a safe work environment.

Based on our findings, we recommended that the Public Buildings Service Commissioner:

1. Continue to monitor indoor air quality in Wings 0 and 3 of the Headquarters Building, in accordance with the PBS Desk Guide.
2. Expediently notify Headquarters Building occupants of any indoor air quality results that do not meet American Society of Heating, Refrigerating, and Air-Conditioning Engineers standards.

## **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.

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**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 2024 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.*