



U.S. General Services Administration

ADMINISTRATOR'S SEMIANNUAL MANAGEMENT REPORT TO CONGRESS

REPORT NO. 61
APRIL 1, 2019 – SEPTEMBER 30, 2019



U.S. General Services Administration

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October 2019

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Message from the Administrator

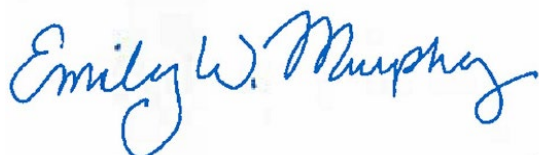
I am pleased to submit the U.S. General Services Administration (GSA) Semiannual Management Report to Congress. GSA's report summarizes audit-related actions and accomplishments for the 6 months ending September 30, 2019.

Since becoming the Administrator of GSA, I have made audit responsiveness an organizational priority. Individual performance plans hold GSA senior management accountable for strengthening internal controls and improving audit results. Senior leaders actively participate in the oversight of internal control and audit resolution. GSA staff jointly analyzes, monitors, and consults on audit issues and findings to ensure cross-organizational resolution and process improvement. And, GSA continues to create new audit data analysis functionality and tools to improve the agency's ability to address issues and risks. Agency attention to the work of audits has strengthened and enhanced GSA's internal controls and performance management.

GSA's responsibility for delivering value and savings in acquisition, real estate, and technology sets a high standard for GSA performance. The more effectively GSA manages its programs and risks, the better GSA can assist other agencies meet their mission goals and support the American public.

As measures of our progress, during the past 6 months, GSA took final action on 38 contract audits, both pre-award and post-award, and took the last steps on 44 Office of Inspector General (OIG) audits, a closure rate 14 percent higher than the previous reporting period. GSA's actions represent the recovery of \$1,373,302 in Government funds.

GSA is committed to providing customer agencies with maximum value on behalf of the American taxpayer. We appreciate the work and insights of the GSA OIG in helping accomplish this goal and look forward to continued work with the GSA OIG and Congress to support the Government to be more responsive to the American taxpayer.



Overview

This report, GSA's 61st report to Congress since the implementation of the reporting requirement, presents management's perspective on audit resolution and follow-up activity for the semiannual reporting period, in addition to general statistical summaries. The data in this report indicates that GSA's audit monitoring and management activities continue to play a significant and effective role in the effective management of GSA operations, the accomplishment of the agency mission, and the effective use of taxpayer dollars.

U.S. General Services Administration Organization

GSA's Public Buildings Service and Federal Acquisition Service provide Government-wide delivery of real estate, acquisition, and technology services. GSA's Office of Government-wide Policy manages the development of specific Government-wide policies and regulations. GSA's 11 regions provide local support to Federal agencies nationwide, while GSA's several staff offices provide support to other GSA organizations and other Federal agencies and the public.

The Administrator of General Services directs the execution of all GSA functions. Members of the Administrator's office, as well as Regional Administrators and Heads of Services and Staff Offices, advise and make recommendations on policy or operational issues of national scope. Heads of Services and Staff Offices also are responsible for the execution of programs and services within their offices, under the leadership of the Administrator.

Organization of Audit Follow-up Program

GSA has effective systems in place for tracking and managing audit recommendations, and enhancement and modification of these systems is ongoing. GSA's management, which is held accountable for ensuring that appropriate corrective action is taken promptly, works with supervisors and program managers who develop remedies to identified vulnerabilities and report progress in implementing solutions. Agency managers have the responsibility to act on the auditor's recommendations, with the audit resolution process overseen by the Agency Audit Follow-up Official. The descriptions of the duties of the GSA officials involved in the audit follow-up process are below.

Agency Audit Follow-up Official

The GSA Deputy Administrator as the Agency Audit Follow-up Official has overall responsibility for the audit follow-up program. This includes responsibility for ensuring the adequacy of the agency's follow-up system, monitoring the resolution of audit recommendations, and ensuring timely implementation of corrective actions. The incumbent in this position also makes final decisions to resolve differences between agency management and the GSA OIG.

Chief Administrative Services Officer (CASO)

The CASO provides direction and oversight to the officials in the Office of Administrative Services (OAS) who manage the GSA's Audit Resolution and Follow-up System. Their responsibilities are as follows:

- Liaison with the GSA OIG and the U.S. Government Accountability Office (GAO) for the coordination of OIG and GAO audits in progress within GSA, and coordinate preparation of responses and reports for the signature of the Heads of Service and Staff Offices or the Administrator, as required;
- Ensure timely resolution and implementation of internal and external audit recommendations made by the GSA OIG and GAO;
- Oversee the collection and proper accounting of monetary amounts determined due to the Government as the result of audit-related claims;
- Analyze GSA's programs, upon request from the Administrator, particularly as related to past or present audit recommendations; and
- Maintain an automated control system for internal and external audits that provides an accurate means for monitoring, analyzing, tracking, and documenting actions taken to implement audit recommendations.

Heads of Services and Staff Offices, Regional Administrators

Heads of Services and Staff Offices and Regional Administrators to whom audit recommendations pertain have primary responsibility for resolving and implementing recommendations promptly, and for the following:

- Ensure controls are implemented to provide timely, accurate, and complete responses to audit reports;
- Develop, advocate, and document agency positions on audit recommendations;
- Prepare responses to GSA OIG and GAO draft and final reports;
- Provide comments on audit decision papers prepared by the GSA OIG to accurately state management's position on unresolved audit recommendations.

Synopsis of Audit Activity

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

This report covers the period of April 1, 2019, through September 30, 2019. Included in the report are summaries of GSA audit activities concerning the following:

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

On April 1, 2019, GSA had 103 contract and internal audit reports pending final action. These reports contained financial recommendations totaling \$677,567,801 (section A, pages 7 and 8).

- Financial recommendations for 84 contract audits totaled \$677,567,801.
- Financial recommendations for 19 internal audits totaled \$0.

Between April 1, 2019, through September 30, 2019, GSA finalized management decisions on 37 audit reports concerning nationwide GSA programs and operations.

- In 37 of the 37 audits, a total of \$13,305,584 in pre- and post-award contracts and internal program spending was found to have been incorrectly charged to the Government and determined to be disallowed costs. GSA OIG did not issue any post-award audits during this reporting period.
- In 22 of the 37 audits, it was recommended that \$75,024,285 could be used more effectively (better use funds) if management took action to implement and complete the GSA OIG recommendations (see Appendix).

During this 6-month reporting period, GSA successfully took final action on 44 audits. These audits represent the recovery of \$1,373,301.88 (section C, page 7) in Government funds and the identification of \$123,242,424 in potential future savings (section C, page 8), of which \$0 affected GSA's budget.

As of October 1, 2019, GSA had 119 open audit reports. Six of these audits involve claims under appeal or in litigation.

Audits with Disallowed Costs

Final action for the six-month period Ending March 31, 2019	Number of Audit Reports	Disallowed Costs
A. Audit reports for which final action had not been taken by the commencement of the reporting period.	103	\$44,109,154
B. Audit reports on which GSA/OIG management decisions were made during the reporting period.	37	\$13,305,584
C. Audit reports on which final action was taken during the reporting period.	44	\$6,992,242.94
<i>(i) the dollar value of disallowed costs</i>		<i>\$1,373,301.88</i>
- collections.....		\$1,189,973.91
- offset.....		\$0.00
- property in lieu of cash.....		\$0.00
- surplus.....		\$183,327.97
- other.....		\$0.00
<i>(ii) the dollar value of disallowed costs that were written off by management.</i>		<i>(\$5,618,941.06)</i>
D. Audit reports for which no final action has been taken by the end of the reporting period and audit reports issued during this reporting period.	119	\$50,645,015

Audits with Better Use Funds (Potential Cost Savings)

Final action for the six-month Ending March 31, 2019	Number of Audit Reports	No budget Impact (Actual and Estimated)	Budget Impact
A. Audit reports for which final action had not been taken by the commencement of the reporting period.	103	\$633,458,647	\$0
B. Audit reports on which management decisions were made during the reporting period.	37	\$75,024,285	\$0
C. Audit reports on which final action was taken during the reporting period.	44	\$123,242,424	\$0
<i>(i) the actual dollar value of recommendations that were actually completed.</i>		\$0	
<i>(ii) the actual dollar value of recommendations that management has subsequently concluded should not or could not be implemented or completed.</i>		\$0	
<i>(iii) the actual dollar value of recommendations that management has subsequently concluded should not or could not be determined (calculated).</i>		\$0	
<i>(iv) the estimated dollar value of "funds to be put to better use" as agreed to by GSA management and the OIG.</i>		\$123,242,424	
D. Audit reports for which no final action has been taken by the end of the reporting period and audit reports issued during this reporting period.	119	\$576,439,933	\$0

Audits under Appeal/Litigation

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

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS	
		Disallowed Costs	Better Use Funds
A140110P4X15003 Suffolk Construction Company, Inc.	11/10/2014	\$0	
A140116P4X15016 City Lights Electrical Company, Inc.	01/30/2015	\$0	
A140074Q6X15037 Engility Corporation	06/10/2015	\$1,886,901	
A140118P4X16005 N.B. Kenney Company, Inc.	11/13/2015	\$0	
A160027Q7X16068 Agilent Technologies, Inc.	09/08/2016	\$3,352	
A170108P3X18011 RK Mechanical, Incorporated	12/21/2017	\$0	

Contract Audits

Audits with Management Decisions made prior to September 30, 2018, but with Final Action not taken as of September 30, 2019.

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

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A090042Q9X09019 Computer Sciences Corporation	12/29/2008	\$14,951,923		Investigation in process - An investigation has been opened by either the OIG or the Justice Department regarding actions taken by the contractor
A140110P4X15003 Suffolk Construction Company, Inc.	11/10/2014	\$0		Litigation in process - The contractor has appealed the Contracting Officer's decision and the audit is now in the litigation process
A140116P4X15016 City Lights Electrical Company, Inc.	01/30/2015	\$0		Litigation in process - The contractor has appealed the Contracting Officer's decision and the audit is now in the litigation process
A140074Q6X15037 Engility Corporation	06/10/2015	\$1,886,901		Litigation in process - The contractor has appealed the Contracting Officer's decision and the audit is now in the litigation process

Contract Audits

Audits with Management Decisions made prior to September 30, 2018, but with Final Action not taken as of September 30, 2019.

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

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A150083QAX16004 LCG Systems, LLC	11/10/2015	\$149,663		In the process of collection - GSA is in the process of collecting funds owed the Government from the contractor
A140118P4X16005 N.B. Kenney Company, Inc.	11/13/2015	\$0		Litigation in process - The contractor has appealed the Contracting Officer's decision and the audit is now in the litigation process
A150113P4X16008 Matsuo Engineering Centerre Construction, A Joint Venture	11/20/2015	\$0		Price/settlement negotiated - Negotiations have been completed between Contracting Officer and contractor
A160039Q3X16055 Carahsoft Technology Corporation	08/08/2016	\$0		Unresolved - Agreement has not been reached between OIG and Contracting Officer on the Decision Record
A160027Q7X16068 Agilent Technologies, Inc.	09/08/2016	\$3,352		Litigation in process - The contractor has appealed the Contracting Officer's decision and the audit is now in the litigation process

Contract Audits

Audits with Management Decisions made prior to September 30, 2018, but with Final Action not taken as of September 30, 2019.

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

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A150083QAX17005 LCG Systems, LLC	10/13/2016	\$982,360		In the process of collection - GSA is in the process of collecting funds owed the Government from the contractor
A140133Q9X17007 ARES Corporation	10/27/2016	\$2,526,383		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A120149Q4X17015 Lockheed Martin Integrated Systems, Incorporated	12/29/2016	\$12,221,921		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A160074P4X17023 ARRIBA Corporation	01/26/2017	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A160104P5X17028 M. A. Mortenson Company	02/22/2017	\$0		Price/settlement negotiated - Negotiations have been completed between Contracting Officer and contractor

Contract Audits

Audits with Management Decisions made prior to September 30, 2018, but with Final Action not taken as of September 30, 2019.

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

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A150001Q2X17033 Noble Sales Co., Inc.	03/30/2017	\$285,906		Investigation in process - An investigation has been opened by either the OIG or the Justice Department regarding actions taken by the contractor
A160088QAX17039 CSRA, Inc.	05/17/2017	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A160117Q6X17043 StrategicHealthSolutions, LLC	06/20/2017	\$169,269		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A160106P2X17052 RK Mechanical, Inc.	09/13/2017	\$0		Price/settlement negotiated - Negotiations have been completed between Contracting Officer and contractor
A160056QAX17053 Omniplex World Services Corporation	09/28/2017	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A160136Q6X18005 Insight Public Sector, Inc.	11/16/2017	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor

Contract Audits

Audits with Management Decisions made prior to September 30, 2018, but with Final Action not taken as of September 30, 2019.

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

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A170058QAX18006 August Schell Enterprises, Inc.	12/14/2017	\$2,466		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A170108P3X18011 RK Mechanical, Incorporated	12/21/2017	\$0		Litigation in process - The contractor has appealed the Contracting Officer's decision and the audit is now in the litigation process
A160105P4X18017 NCES-Nuprecon JV	02/28/2018	\$0		Price/settlement negotiated - Negotiations have been completed between Contracting Officer and contractor
A160052P2X18019 Concentric Security, LLC	03/08/2018	\$0		Price/settlement negotiated - Negotiations have been completed between Contracting Officer and contractor
A170099Q5X18021 DHA Group, Inc.	03/23/2018	\$1,402,985		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A170046Q4X18026 Enlightened, Inc.	04/20/2018	\$261,427		Price/settlement negotiated - Negotiations have been completed between Contracting Officer and contractor

Contract Audits

Audits with Management Decisions made prior to September 30, 2018, but with Final Action not taken as of September 30, 2019.

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

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A170038Q9X18029 Lexis Nexis, a division of RELX, Inc.	05/09/2018	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A170115Q3X18030 Cognosante, LLC.	05/11/2018	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor
A170086Q5X18033 VT Aepco, Inc.	06/07/2018	\$83,236		Price/settlement negotiated - Negotiations have been completed between Contracting Officer and contractor
A180033Q7X18036 Sea Box, Inc.	06/11/2018	\$25,816		Price/settlement negotiated - Negotiations have been completed between Contracting Officer and contractor
A180035Q3X18034 Millennium Systems Services, Inc.	06/12/2018	\$54,029		Price/settlement negotiated - Negotiations have been completed between Contracting Officer and contractor
A180021QAX18046 T-Rex Solutions, LLC	09/07/2018	\$0		In negotiation - Negotiations are proceeding between Contracting Officer and contractor

Internal Audits

Audits with Management Decisions Made Prior to September 30, 2018, but with Final Action not Taken as of September 30, 2019.

Financial recommendations are not included for internal audits or actions that are not completed.

REPORT NUMBER TITLE OF REPORT	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION	PROJECTED COMPLETION DATE
		Disallowed Costs	Better Use Funds		
A150131QTP16004 Audit of FAS's Contractor Assessments Program (Reopened for an implementation review)	09/21/2016	\$0		Audit Record is in Implementation Status	11/29/2019
A160019P4R17003 PBS Failed to Enforce Kress Building Lease Provisions and May Have Exposed Tenants to Health Risks (Reopened for an implementation review)	01/27/2017	\$0		Audit Record is in Implementation Status	06/30/2020
A160133P6R18002 Audit of GSA's Public Buildings Service Does Not Track and Report All Unused Leased Space as Required	12/04/2017	\$0		Audit Record is in Implementation Status	11/30/2020

Open OIG Recommendations Not Fully Resolved as of September 30, 2019

Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
A150131QTP16004 Audit of FAS's Contractor Assessments Program (Reopened for an implementation review)	9/21/2016	003	Establish and implement a formal, national training curriculum for experienced Industrial Operations Analysts to cover, at a minimum, the number of required annual continuing education hours and appropriate subject areas for enhancing applicable knowledge and skills	06/23/2017	11/29/2019
A160019P4R17003 PBS Failed to Enforce Kress Building Lease Provisions and May Have Exposed Tenants to Health Risks (Reopened for an implementation review)	01/27/2017	001	OIG recommends that the Southeast Sunbelt Region PBS Regional Commissioner Enforce the terms of the lease and take immediate action to ensure that all necessary maintenance and repairs are addressed	07/31/2017	06/30/2020
A160019P4R17003 PBS Failed to Enforce Kress Building Lease Provisions and May Have Exposed Tenants to Health Risks (Reopened for an implementation review)	01/27/2017	002	OIG recommends that the Southeast Sunbelt Region PBS Regional Commissioner Develop and distribute guidance that ensures the immediate communication of environmental concerns and test results to affected building tenants	07/31/2017	06/30/2020

Open OIG Recommendations Not Fully Resolved as of September 30, 2019

Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
A160133P6R18002 Audit of GSA's Public Buildings Service Does Not Track and Report All Unused Leased Space as Required	08/10/2018	001	Develop and implement a process to ensure that PBS reports and mitigates all unused space for all non-cancelable occupancy agreements in its lease portfolio	09/30/2019	01/31/2020
A160133P6R18002 Audit of GSA's Public Buildings Service Does Not Track and Report All Unused Leased Space as Required	08/10/2018	002	Take action to ensure that existing and future non-cancelable occupancy agreements comply with PBS's policy	03/31/2020	11/30/2020
A160134P2R19001 Audit of the Public Buildings Service's Use of Contract Employees in the New England and Northeast and Caribbean Regions	12/12/2018	001	The PBS Regional Commissioners for the New England and Northeast and Caribbean Regions develop, implement, and maintain the management controls and policies and procedures necessary to ensure that PBS is not awarding and administering contracts in a manner that creates prohibited personal services contracts	09/30/2019	10/30/2019
A160134P2R19001 Audit of the Public Buildings Service's Use of Contract Employees in the New England and Northeast and Caribbean Regions	12/12/2018	002A	The PBS Regional Commissioner for the Northeast and Caribbean Region direct regional management to ensure that controls are strengthened to ensure that personnel in charge of service contracts adhere to and enforce contract requirements	09/30/2019	10/30/2019

Open OIG Recommendations Not Fully Resolved as of September 30, 2019

Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
A160134P2R19001 Audit of the Public Buildings Service's Use of Contract Employees in the New England and Northeast and Caribbean Regions	12/12/2018	002G	Ensure that CORs are properly certified and designated prior to being assigned contract oversight responsibilities	09/30/2019	11/30/2019
A170120OTF19001 Limited Scope Audit of the Technical Security Controls for the Enterprise Content Management System	12/19/2018	001	Ensure that the technical security control weaknesses identified by our audit are mitigated in accordance with the applicable standards, guidelines, and recommendations as defined by GSA IT, NIST, and CIS	12/31/2019	12/31/2019
A170120OTF19001 Limited Scope Audit of the Technical Security Controls for the Enterprise Content Management System	12/19/2018	002	Assess applicable GSA IT policies to determine the most appropriate technical security	12/31/2019	12/31/2019
A170027P6R19002 Audit of Environmental Issues at the Goodfellow Federal Complex in St. Louis, Missouri	03/15/2019	001	Conduct a comprehensive assessment of the PBS Occupational Safety and Health Program, focusing on the program's ability to ensure compliance with applicable occupational safety and health requirements. Take corrective action to address any weaknesses identified through the assessment	10/31/2019	10/31/2019

Open OIG Recommendations Not Fully Resolved as of September 30, 2019

Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
A170027P6R19002 Audit of Environmental Issues at the Goodfellow Federal Complex in St. Louis, Missouri	03/15/2019	004	Institute controls to ensure that PBS has a complete and publicly accessible repository for all environmental studies conducted on any and all of its properties in the Heartland Region	10/31/2019	10/31/2019
A170027P6R19002 Audit of Environmental Issues at the Goodfellow Federal Complex in St. Louis, Missouri	03/15/2019	005	Institute controls to ensure that all health, safety, and environmental studies are distributed upon completion of the occupants of any Heartland Region property where studies are performed	10/31/2019	10/31/2019
A170027P6R19002 Audit of Environmental Issues at the Goodfellow Federal Complex in St. Louis, Missouri	03/15/2019	006	Institute controls to ensure that corrective action is taken and publicly disclosed in response to all health, safety, and environmental studies performed within the Heartland Region	07/31/2019	10/31/2019
A170047PRR19003 Audit of the PBS National Capital Region's Lease Financial Performance	03/20/2019	001	Quantify potential losses to GSA due to vacant space when planning space consolidation projects, and incorporate this risk analysis into business decisions	09/30/2019	09/30/2019
A170047PRR19003 Audit of the PBS National Capital Region's Lease Financial Performance	03/20/2019	002	Develop a control to identify when termination rights are upcoming for a lease in order to have time to confirm with the tenant agency if space will still be required	08/30/2019	08/30/2019

Open OIG Recommendations Not Fully Resolved as of September 30, 2019

Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
A170047PRR19003 Audit of the PBS National Capital Region's Lease Financial Performance	03/20/2019	004	Implement a control to pass through recoveries to tenant agencies as required by PBS policy	08/30/2019	08/30/2019
A170092PRR19004 Audit of IT Security Requirements in GSA Leasing Support Services Contracts	03/21/2019	001	Coordinate with GSA IT to ensure that the IT requirements and solutions for the pending GLS Plus real estate broker solicitation accurately reflect the actual IT security requirements for contractor performance	01/31/2020	01/31/2020
A170092PRR19004 Audit of IT Security Requirements in GSA Leasing Support Services Contracts	03/21/2019	002A	Identify other Public Buildings Service contracts through which contractors access government data through GSA Google or Virtual Desktop Interface accounts to ensure the contracts include terms and conditions necessary to protect the data	10/31/2019	10/31/2019
A170092PRR19004 Audit of IT Security Requirements in GSA Leasing Support Services Contracts	03/21/2019	002B	Identify other Public Buildings Service contracts through which contractors access government data through GSA Google or Virtual Desktop Interface accounts to ensure guidance is in place defining roles and responsibilities governing compliance with applicable IT security requirements	01/31/2020	01/31/2020

Open OIG Recommendations Not Fully Resolved as of September 30, 2019

Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
A170047P9R19005 Audit of the PBS Pacific Rim Region's Lease Financial Performance	06/13/2019	001	Return refunds of overpayments to the appropriate tenant agencies		
A170047P9R19005 Audit of the PBS Pacific Rim Region's Lease Financial Performance	06/13/2019	002	Develop and implement a process to refund recoveries of overpayments to tenant agencies as required		
A170047P9R19005 Audit of the PBS Pacific Rim Region's Lease Financial Performance	06/13/2019	003	Strengthen management controls to ensure standard lease terms are enforced and communicated effectively and in a timely manner to lease administrative personnel		
A170047P9R19005 Audit of the PBS Pacific Rim Region's Lease Financial Performance	06/13/2019	004	Strengthen oversight reporting with the Office of the Chief Financial Officer to ensure that PBS processes stop payments timely for terminated leases		
A170047P9R19005 Audit of the PBS Pacific Rim Region's Lease Financial Performance	06/13/2019	005	Strengthen internal controls to prevent billing errors, discrepancies in its collections, and improper retention of tenant funds		
A170047P9R19005 Audit of the PBS Pacific Rim Region's Lease Financial Performance	06/13/2019	006	Monitor and collect unpaid rent from tenant agencies		

GSA is awaiting OIG feedback from GSA's response to the final report before implementation can begin

Open OIG Recommendations Not Fully Resolved as of September 30, 2019

Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
A180073P2R19006 GSA's Northeast and Caribbean Region Lacks Policies and Procedures for Emergencies and Evacuations in Puerto Rico	06/19/2019	001	Coordinate the development of policies and procedures for emergencies and evacuations in all areas where GSA has a presence based on lessons learned and applicable federal regulations	07/31/2020	07/31/2020
A180073P2R19006 GSA's Northeast and Caribbean Region Lacks Policies and Procedures for Emergencies and Evacuations in Puerto Rico	06/19/2019	002	Recoup \$9,062 for hotel overcharges and billing errors	12/13/2019	12/13/2019
A180073P2R19006 GSA's Northeast and Caribbean Region Lacks Policies and Procedures for Emergencies and Evacuations in Puerto Rico	06/19/2019	003	Inform affected evacuees that they can seek reimbursement of a total of \$806 of underpaid meals and incidental expenses due to errors identified on the travel vouchers	12/13/2019	12/13/2019
A180073P2R19006 GSA's Northeast and Caribbean Region Lacks Policies and Procedures for Emergencies and Evacuations in Puerto Rico	06/19/2019	004	Attempt to recover the \$2,868 in lodging tax paid and issue a reminder to cardholders and approving officials of their responsibility to provide effective oversight of government charge card transactions	12/13/2019	12/13/2019
A170103QTP19003 Insufficient Management of Transition Support May Impede the Government-Wide Transition to Enterprise Infrastructure Solutions	06/28/2019	001	Establish a measurement to align budget consumed to work completed	GSA is awaiting OIG feedback from GSA's response to the final report before implementation can begin	

Open OIG Recommendations Not Fully Resolved as of September 30, 2019

Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
A170103QTP19003 Insufficient Management of Transition Support May Impede the Government-Wide Transition to Enterprise Infrastructure Solutions	06/28/2019	002	Develop standard operating procedures to guide the performance of the TOA task order. At a minimum, these procedures should require the inclusion of a readiness assessment and a schedule of deliverables into future interagency agreements with each customer agency	GSA is awaiting OIG feedback from GSA's response to the final report before implementation can begin	
A170103QTP19003 Insufficient Management of Transition Support May Impede the Government-Wide Transition to Enterprise Infrastructure Solutions	06/28/2019	003	Modify and enforce interagency agreements to ensure the contracting officer's representative receives the information necessary to monitor contractor performance and enforce the Quality Assurance Surveillance Plan		
A170103QTP19003 Insufficient Management of Transition Support May Impede the Government-Wide Transition to Enterprise	06/28/2019	004A	Determine if modifications to the task order are necessary to address key personnel in the performance of the TOA task order		
A170103QTP19003 Insufficient Management of Transition Support May Impede the Government-Wide Transition to Enterprise Infrastructure Solutions	06/28/2019	004B	Determine if modifications to the task order are necessary to address circumstances under which the TOA contractor must charge onsite rates		

Open OIG Recommendations Not Fully Resolved as of September 30, 2019

Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
A170103QTP19003 Insufficient Management of Transition Support May Impede the Government-Wide Transition to Enterprise Infrastructure Solutions	06/28/2019	005	Seek monetary recoveries associated with unqualified contract employees and improperly approved travel claims, and strengthen controls to ensure future compliance with task order provisions	GSA is awaiting OIG feedback from GSA's response to the final report before implementation can begin	
A170103QTP19003 Insufficient Management of Transition Support May Impede the Government-Wide Transition to Enterprise Infrastructure Solutions	06/28/2019	006A	Establish a standard invoice review process to ensure invoices are reviewed in a comprehensive and consistent manner		
A170103QTP19003 Insufficient Management of Transition Support May Impede the Government-Wide Transition to Enterprise Infrastructure Solutions	06/28/2019	006B	Establish a standard invoice review process to ensure contracting personnel only approve invoices for payment that are supported by appropriate documentation		
A170118Q6P19004 Improper Pricing on the McKinsey Professional Services Contract May Cost the United States an Estimated \$69 Million	07/23/2019	001	Cancel McKinsey's Contract Number GS-10F-0118S	GSA is awaiting OIG feedback from GSA's response to the final report before implementation can begin	
A170118Q6P19004 Improper Pricing on the McKinsey Professional Services Contract May Cost the United States an Estimated \$69 Million	07/23/2019	002	Cancel McKinsey's Schedule 70 Contract Number GS-35F-646GA		

Open OIG Recommendations Not Fully Resolved as of September 30, 2019

Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
A170118Q6P19004 Improper Pricing on the McKinsey Professional Services Contract May Cost the United States an Estimated \$69 Million	07/23/2019	003	Review all FAS contracts with team-based pricing to ensure they comply with Federal Acquisition Regulation requirements	GSA is awaiting OIG feedback from GSA's response to the final report before implementation can begin	
A170118Q6P19004 Improper Pricing on the McKinsey Professional Services Contract May Cost the United States an Estimated \$69 Million	07/23/2019	004	Establish additional controls to ensure contracting staff obtain required audit records to perform audits prior to awarding contract actions		
A170118Q6P19004 Improper Pricing on the McKinsey Professional Services Contract May Cost the United States an Estimated \$69 Million	07/23/2019	005	Assess whether the Division Director should be involved in future McKinsey contact or contract actions		
A170118Q6P19004 Improper Pricing on the McKinsey Professional Services Contract May Cost the United States an Estimated \$69 Million	07/23/2019	006	Establish additional controls to ensure that FAS contracting staff maintain independent and impartial relationships with FAS contractors in accordance with federal regulations		
A170118Q6P19004 Improper Pricing on the McKinsey Professional Services Contract May Cost the United States an Estimated \$69 Million	07/23/2019	007	Take appropriate action to address the Division Director's use of invalid price comparisons, reliance on unsupported information, and violation of standards of ethical conduct		

Open OIG Recommendations Not Fully Resolved as of September 30, 2019

Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
A170118Q6P19004 Improper Pricing on the McKinsey Professional Services Contract May Cost the United States an Estimated \$69 Million	07/23/2019	008	Take appropriate action to address the Washington Branch Chief's actions on the McKinsey Schedule 70 contract award and this audit		GSA is awaiting OIG feedback from GSA's response to the final report before implementation can begin
A170047P5R19007 Audit of the PBS Great Lakes Region's Lease Financial Performance	08/23/2019	001A	Return refunds of overpayments to the appropriate tenant agencies		GSA is developing its response to OIG due on 11/05/2019
A170047P5R19007 Audit of the PBS Great Lakes Region's Lease Financial Performance	08/23/2019	001B	Develop and implement a process to return refunds of overpayments to the appropriate tenant agencies as required		
A170047P5R19007 Audit of the PBS Great Lakes Region's Lease Financial Performance	08/23/2019	002	Evaluate U.S. Postal Service-owned space leases for terms and conditions allowing for the risk of long term vacancies and FFO loss and implement necessary safeguards to protect PBS against this risk		
A170047P5R19007 Audit of the PBS Great Lakes Region's Lease Financial Performance	08/23/2019	003	Implement a process to ensure timely and accurate execution of lease actions, such as adjustments to lease payments, real estate tax adjustments, buyouts, broker commission credits, and operating costs		

Open OIG Recommendations Not Fully Resolved as of September 30, 2019

Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
A170047P5R19007 Audit of the PBS Great Lakes Region's Lease Financial Performance	08/23/2019	004	Develop and implement appropriate internal controls to ensure PBS Region 5 leasing actions include the appropriate terms and conditions	GSA is developing its response to OIG due on 11/05/2019	
A170047P5R19007 Audit of the PBS Great Lakes Region's Lease Financial Performance	08/23/2019	005	Develop management reports that would exclude the effect of all prior year expense entries from FFO calculations as well as their effect on general and administrative allocations		
A170047P5R19007 Audit of the PBS Great Lakes Region's Lease Financial Performance	08/23/2019	006	Develop and implement internal controls for employee time coding to prevent erroneous direct hour charges to building locations		
A190030O5F19003 Audit of GSA's Fiscal Year 2018 Travel Card Program	09/20/2019	001	Strengthen controls to improve the timeliness and reliability of OAS's process to review questionable travel card charges	GSA is developing its response to OIG due on 11/04/2019	
A190030O5F19003 Audit of GSA's Fiscal Year 2018 Travel Card Program	09/20/2019	002	Strengthen controls to improve the timeliness and effectiveness of OAS's process to resolve delinquencies		
A190030O5F19003 Audit of GSA's Fiscal Year 2018 Travel Card Program	09/20/2019	003	Use travel voucher data to identify travel card policy violations and establish controls to address the violations identified		

Open OIG Recommendations Not Fully Resolved as of September 30, 2019

Audits with Management Decisions and Approved Due Dates

Number and Title of Report	Report Issue Date	Recommendation Number	Entire Recommendation	Original Due Date	Current Due Date
A190030O5F19003 Audit of GSA's Fiscal Year 2018 Travel Card Program	09/20/2019	004	Perform voucher audits to identify travel card policy violations and address recurring issues	GSA is developing its response to OIG due on 11/04/2019	
A190030O5F19003 Audit of GSA's Fiscal Year 2018 Travel Card Program	09/20/2019	005	Implement controls to verify travel card refunds as required by the Government Charge Card Abuse Prevention Act of 2012		
JE19-006 Alert Report: Agency Management Alert GSA's Continuity Plan is Outdated and Insufficient	09/26/2019	001	Review, update, and obtain approval for the agency-wide GSA national continuity plan that reflects current business operations, meets federal requirements, provides for reconstituting GSA's operations, and supports the physical reconstitution efforts of the Executive Office of the President and the executive departments and agencies	GSA is developing its response to OIG due on 11/22/2019	
JE19-006 Alert Report: Agency Management Alert GSA's Continuity Plan is Outdated and Insufficient	09/26/2019	002	Establish a formal, annual process for reviewing GSA's national continuity plan, making adjustments and revisions as appropriate, and securing formal approval for any adjustments and revisions		

Glossary of Terms

The following definitions, based on the Inspector General Act Amendment of 1978, apply to terms used in this Semiannual Management Report:

Questioned Costs. Costs questioned by the OIG as a result of:

- an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds;
- a finding that, at the time of an audit, such cost is not supported by adequate documentation;
- a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

Disallowed Cost. Questioned costs that GSA management in a management decision sustained or agreed should not be charged to the Government.

Recommendation that Funds be Put to Better Use. A recommendation by the GSA OIG that funds could be used more efficiently if management took action to implement and complete the recommendations, including:

- reductions in outlays;
- de-obligation of funds from programs or operations;
- withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds;
- costs not incurred by implementing recommended improvements related to the operations of the establishment, a contractor, or grantee;
- avoidance of unnecessary expenditures noted in pre-award reviews of contract or grant agreements;
- any other savings that are identified specifically.

Management Decision. The evaluation by management of the findings and recommendations included in an audit report and the issuance of a final decision by management and concurrence by the OIG concerning its response to such findings and recommendations, including planned corrective actions to remedy weaknesses identified in the report.

Final Action. The completions of all actions that GSA management concluded in its management decision were necessary with respect to the findings and recommendations included in the audit report. In the event that GSA concluded no action was necessary, final action occurred when the management decision was made.

Glossary of Terms

Management Actions - Questioned Costs. The following are the different management actions used by GSA management to resolve questioned costs in an audit report.

- **Audit reports on which management decisions were made during the period:** Data pertaining to the number of audit reports on which management decisions were made during the period and the associated amount of disallowed costs was furnished by the OIG.
- **Write-offs:** For the purposes of this report, write-offs are interpreted to represent the difference between the disallowed cost and the amount successfully recovered.

Management Actions - Better Use Funds. The following are the different management actions used by GSA management to resolve the "better use" of funds in an audit report.

- **Better Use Funds:** The figure represents amounts cited as "cost avoidance" and "funds to be put to better use," as agreed to by GSA management and the OIG. Prior to April 1990, no funds were identified by the OIG specifically as "funds to be put to better use," and no management decisions were issued based on the consideration of "better use" of funds.
- **Budget Impact Funds:** Funds identified as "budget impact" involve the obligation process. Audit-related savings of these funds, depending on the particular fund involved, may be available for reprogramming.
- **No Budget Impact Funds:** Funds identified as "no budget impact" are composed of estimated and actual amounts, and do not involve obligated monies, and; therefore, cannot be construed as having a material effect on GSA's appropriated funds.
- **Audit reports on which management decisions were made during the period:** Data pertaining to the number of audit reports on which management decisions were made during the period and the associated dollar amounts agreed to by management were furnished by the OIG.
- **Value of recommendations that management concluded should not or could not be calculable:** Management was unable to determine the award amounts and "better use funds" implemented since the amount is included in the overall award to the prime contractor and savings could not be determined.



**Office of Audits
Office of Inspector General
U.S. General Services Administration**

October 16, 2019

MEMORANDUM FOR THERESA OTTERY
DIRECTOR
AUDIT MANAGEMENT DIVISION (H1EB)

FROM:

L. Blanchard
for LISA L. BLANCHARD
DIRECTOR
AUDIT PLANNING, POLICY, AND OPERATIONS STAFF
(JAO)

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

This memo is intended to relate the total management decisions for the period April 1, 2019 through September 30, 2019. The totals are based on H1EB/JA Data Match Report, dated October 1, 2019 and JA's AIS database. The OIG's management decision statistics are, as follows:

Type of Audit	Number of Audits	Amount of Better Use Funds	Amount of Disallowed Cost
Preaward	22	\$ 75,024,285	\$ 615,489
Postaward	5	\$ 0	\$ 12,678,165
Internal	10	\$ 0	\$ 11,930
Totals	37	\$ 75,024,285	\$ 13,305,584

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

[Signature]
Name

Director OAS-ESAM
Title

10/17/2019
Date



U.S. General Services Administration
1800 F Street NW, Washington, DC 20405