

Administrator's **Semiannual** Management Report to Congress



Report No. 36

October 1, 2006
to March 31, 2007

U.S. General Services Administration

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May 2007

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EXECUTIVE SUMMARY

In accordance with the Inspector General Act Amendments of 1988, the Administrator of the General Services Administration submits this report to Congress on final actions regarding audit recommendations. The report covers the period from October 1, 2006, through March 31, 2007. The Act requires the Administrator to report directly to the Congress on management decisions and final actions taken on audit recommendations. The report must also explain why final action on any audit has not been taken one year after the date of the management decision. This submission statistically summarizes management's implementation of the recommendations contained in audit reports issued by the General Services Administration's Office of Inspector General.

During the reporting period, management decisions were issued on 60 audit reports. Of this total, 36 audit reports represented \$5,574,903 in disallowed costs and \$322,193,054 in funds to be put to better use. The latter category is comprised of estimated and actual cost avoidance determined to have no impact on the agency's budget. There were no management decisions this period that involved actual cost avoidance determined to have a potential impact on the budget.

During the six-month period, final action was achieved for 64 audits with management decisions identifying disallowed costs or funds to be put to better use. These audits represent the recovery of \$3,948,979 and the actual dollar value of \$19,800,470 that were actually completed. The latter category includes \$17,822,522 in actual cost avoidance determined to have no impact on the agency's budget and \$1,977,948 in actual cost avoidance determined to have potential impact on the budget.

As of March 31, 2007, 83 audit reports remained open without final action one year after the management decision. Of this total, 43 were under formal administrative or judicial appeal. Explanations of the reasons why final actions have not been taken with respect to the remaining 40 audits are provided in the report. Please note, this is not to be confused with information on page 4 of the report in which we are reporting on progress of closure of audits in the last Semiannual Report.

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INTRODUCTION

Overview

This report, submitted pursuant to the Inspector General Act Amendment of 1988, presents management's perspective on audit resolution and follow-up activity at the General Services Administration (GSA) for the period beginning October 1, 2006, through March 31, 2007. This is the agency's 36th report to the Congress since the implementation of the Act (Public Law 100-504). The data in the report indicates that GSA's audit follow-up efforts continue to play a significant role in the effective management of the agency's operations and the accomplishment of its mission.

Organization of the Audit Followup Program in the General Services Administration

Background

GSA is organized around two major business functions represented by the Federal Acquisition Service and the Public Buildings Service. In addition, there are 11 Regions and a number of Staff Offices that provide support to the other GSA organizations.

The Administrator of GSA directs the execution of all functions pertaining to the agency. Members of her 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.

Each Service is lead by a Commissioner located in the Central Office in Washington, DC. The Commissioners are responsible in their respective functional areas for policy development, program direction, funding, and interfacing with Congressional staffs, clients and other constituents regarding issues of policy of national importance.

Each Region has a Regional Administrator who is responsible for managing the Regional functions. The Regional Administrators report directly to the Administrator. GSA's structure requires a matrixed approach to management where communication between the Region and Central Office organizations is critical to the effective management of the agency.

GSA has effective systems in place for keeping track of audit recommendations. In addition, GSA has senior management commitment to ensure that appropriate corrective action is taken. Agency managers have the responsibility to act upon the auditor's recommendations, with the audit resolution process being supervised by the agency audit follow-up official. The following provides a description of the responsibilities of GSA officials involved in the audit follow-up process.

Senior Agency Official

The Deputy Administrator is the Senior Agency Official responsible for audit follow-up in the agency. As such, he has overall responsibility for ensuring the adequacy of the agency's follow-up system, monitoring the resolution of audit recommendations, and ensuring the prompt implementation of corrective actions. He also makes final decisions to resolve differences between agency management and the Office of Inspector General.

The Chief Financial Officer

The Chief Financial Officer provides administrative direction to the officials in the Office of the Chief Financial Officer who manage GSA's Audit Resolution and Follow-up System. Their responsibilities include:

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

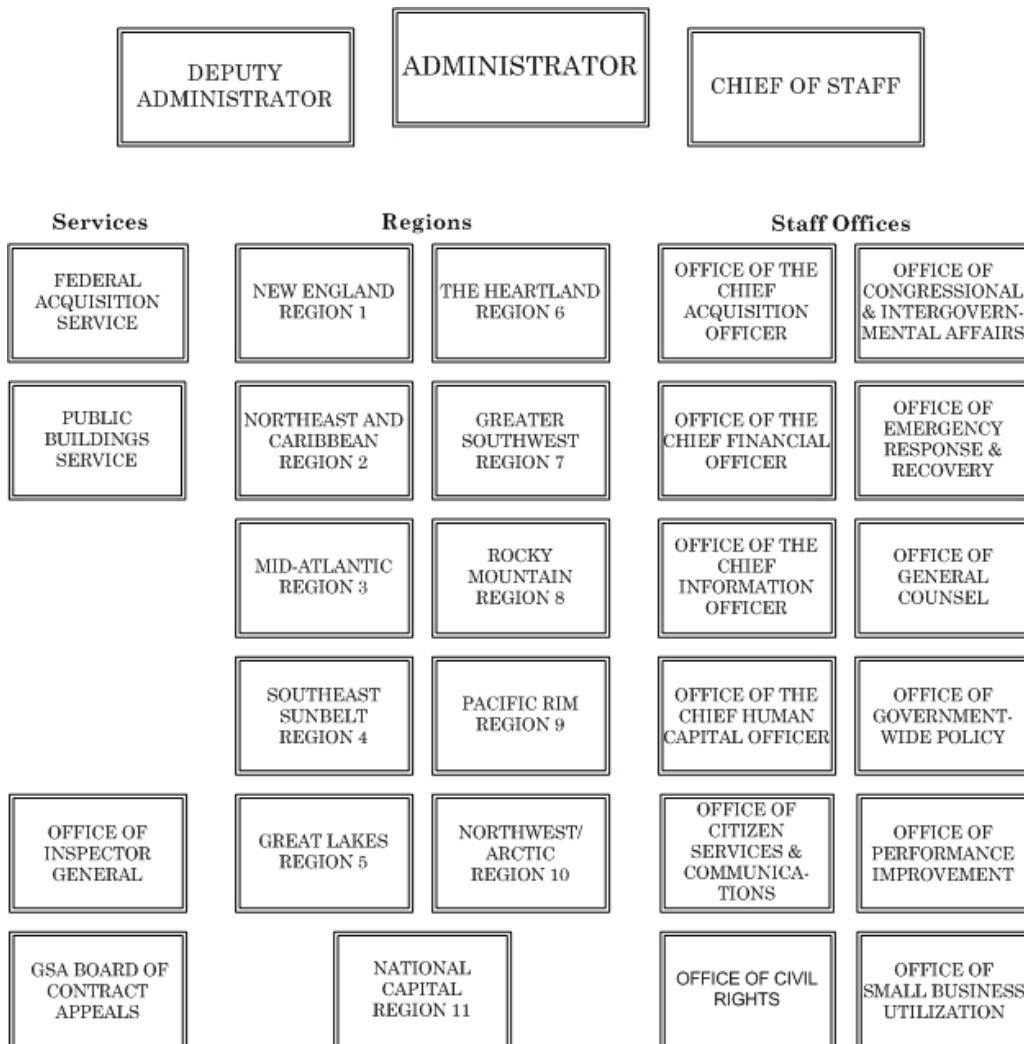
Heads of Services and Staff Offices and Regional Administrators

Heads of Services and Staff Offices and Regional Administrators to whom audit recommendations pertain, have primary responsibility for resolving and

implementing recommendations promptly. Their responsibilities include:

- Ensuring controls are implemented to provide timely, accurate, and complete responses to audit reports;
- Developing, advocating, and documenting agency positions on audit recommendations;
- Preparing responses to draft and final GAO reports in coordination with the Office of the Chief Financial Officer; and
- Providing comments on audit decision papers prepared by the Office of Inspector General to ensure that management's position on unresolved audit recommendations is properly stated.

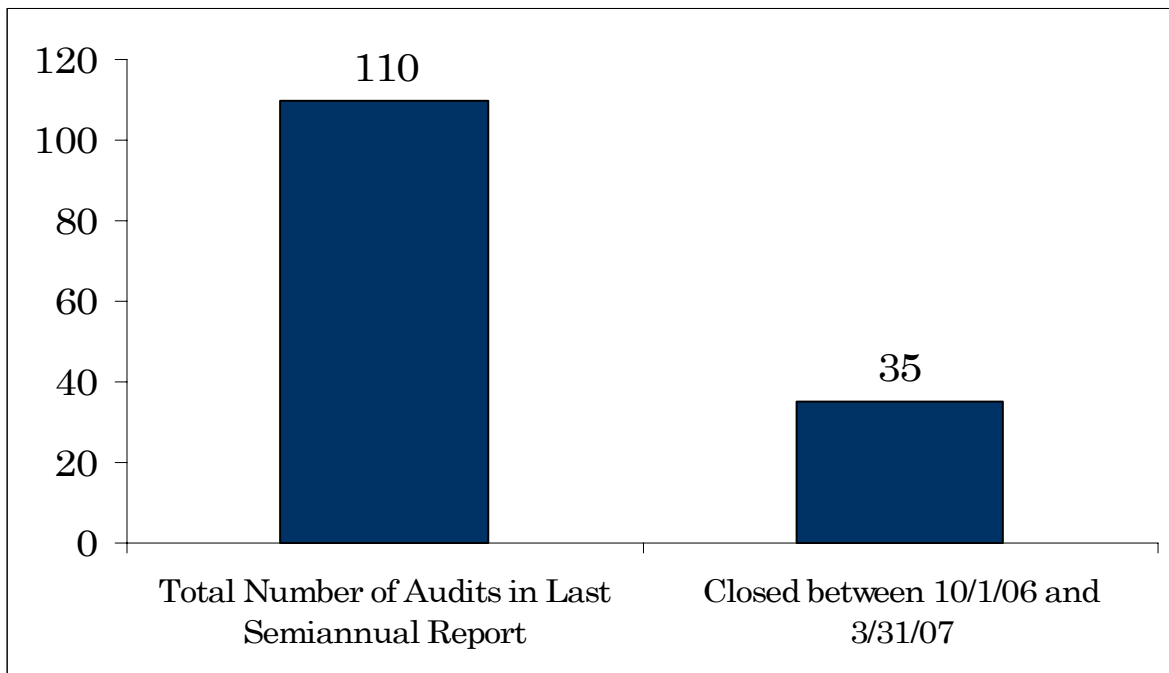
Organization Chart



PROGRESS OF AUDIT CLOSURE

FOR THE SIX-MONTH PERIOD ENDING MARCH 31, 2007

As the status of open audits remains a concern for GSA, the Administrator has increased emphasis for the agency to address and close many of these audits as possible. In keeping with the focus, the Office of the Chief Financial Officer, Office of the Controller, Internal Control and Audit Follow-up Division (BEC) has worked with our audit liaisons and contracting officers to obtain documentation to close a large number of contract audits. As a result of this effort, during the reporting period October 1, 2006, to March 31, 2007, out of the 110 audits that were reported in the last semi-annual report as open without final action one year after the management decision, BEC closed 35 contract and internal audits. The 75 audits that remain open are due to litigative proceedings, on-going negotiations, and systems-related actions remaining to be addressed.



AUDITS WITH DISALLOWED COSTS

Final action for the six-month period ending <u>March 31, 2007</u>	Number of Audit <u>Reports</u>	Disallowed <u>Costs</u>
A. Audit reports for which final action had not been taken by the commencement of the reporting period.	22	\$18,806,904
B. Audit reports on which management decisions were made during the reporting period.	3	\$5,574,903
C. Audit reports on which final action was taken during the reporting period.	9	\$4,292,886
<i>(i) the dollar value of disallowed costs that were recovered by management through:</i>		<i>\$3,948,979</i>
- collections.....	\$3,948,979	
- offset.....	\$0	
- property in lieu of cash.....	\$0	
- other.....	\$0	
<i>(ii) the dollar value of disallowed costs that were written off by management.</i>		<i>\$343,907</i>
D. Audit reports for which no final action has been taken by the end of the reporting period.	16	\$20,088,921

AUDITS WITH BETTER USE FUNDS

<u>Final action for the six-month period ending March 31, 2007</u>	<u>Number of Audit Reports</u>	<u>No Budget Impact – Actual and Estimated</u>	<u>Budget Impact</u>
A. Audit reports for which final action had not been taken by the commencement of the reporting period.	139	\$1,253,383,021	\$3,741,991
B. Audit reports on which management decisions were made during the reporting period.	33	\$322,193,054	\$0
C. Audit reports for which final action was taken during the reporting period.	55	\$731,635,447	\$2,871,793
<i>(i) the actual dollar value of recommendations that were actually completed.</i>		<i>\$17,822,522</i>	<i>\$1,977,948</i>
<i>(ii) the actual dollar value of recommendations that management has subsequently concluded should not or could not be implemented or completed.</i>		<i>\$21,259,989</i>	<i>\$0</i>
<i>(iii) the actual dollar value of recommendations that management has subsequently concluded should not or could not be determined (calculated).</i>		<i>\$1,809,239</i>	<i>\$893,845</i>
<i>(iv) the estimated dollar value of “funds to be put to better use” as agreed to by GSA management and the OIG.</i>		<i>\$690,743,697</i>	<i>\$0</i>
D. Audit reports for which no final action had been taken by the end of the reporting period.	117	\$843,940,628	\$870,198

INTERNAL AUDITS

AUDITS WITH MANAGEMENT DECISIONS MADE PRIOR TO MARCH 31, 2006, BUT WITH FINAL ACTION NOT TAKEN AS OF MARCH 31, 2007

REPORT NUMBER TITLE OF REPORT	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION	PROJECT COMPLETE DATE
		Disallowed Costs	Better Use Funds		
A020161F3V03003 Distribution Center Operations	03/18/2003	\$0	\$0	Action required touches on multiple IT systems. Implementation is 40% complete.	11/15/2007
A020245OTF04013 Review of FedBizOpps	08/05/2004	\$0	\$0	Action project plan adjusted to reflect time delay because of GAO protests submitted and ongoing litigation on the new FBO recompute award.	05/15/2007
A040109AFF05019 PwC 2004 and 2003 Financial Statements	05/03/2005	\$0	\$0	New contract with OA Tool developer is now in place. Three planned releases this year and all are on schedule.	10/15/2007
A040246FTV05003 GSA Advantage	09/29/2005	\$0	\$0	Action pending FAS reorganization, which will be implemented in stages. Status reports provided every 120 days.	06/15/2007
A040252FAV05002 Contractor Assessment Initiatives	09/29/2005	\$0	\$0	Action delayed due to systems priorities.	05/15/2007
A040142OTF05025 Review of CHRIS	09/30/2005	\$0	\$0	Action delayed due to systems priorities and internal agency coordination.	10/15/2007

AUDITS UNDER APPEAL/LITIGATION

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS	
		Disallowed Costs	Better Use Funds
A03324P1X93125 Satin American Corp.	02/17/1993	\$0	\$445,069
A82441P9X98100 Morse Diesel International	06/17/1998	\$0	\$1,230,088
A995128P6X99558 Sachs Electric Company	03/24/1999	\$0	\$0
A995231P2X99585 Rael Automatic Sprinkler Company, Inc.	06/24/1999	\$230,539	\$0
A995249P2X99589 L Martone and Sons Inc.	07/07/1999	\$0	\$0
A995262P3X00007 Metropolitan Steel Industries	10/13/1999	\$0	\$916,518
A995278P3X00009 MidAtlantic Erecors Inc.	10/26/1999	\$0	\$828,963
A995272P3X00016 Metroplitan Steel Industries	11/04/1999	\$0	\$2,558,972
A995271P2X00020 HLW International LLP	11/10/1999	\$0	\$883,410
A000971P5X00107 Midwest Curtainwalls Inc.	06/01/2000	\$0	\$448,953
A000940P2X00126 Coken Company, Inc.	07/19/2000	\$0	\$99,522
A000941P2X00141 Centrifugal/Mechanical Associates, Inc.	08/24/2000	\$0	\$550,863
A001024P2X01008	10/17/2000	\$0	\$600,748

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS	
		Disallowed Costs	Better Use Funds
Canron Frabrication Corp.			
A000942P2X01014 Centrifugal/Mechanical Associates, Inc.	10/30/2000	\$0	\$53,744
A000909P2X01046 Turner Construction Company	01/29/2001	\$0	\$724,788
A010089P4X01052 Palafox Street Associates, Inc.	02/08/2001	\$0	\$0
A010127P6X01079 DKW Construction, Inc.	04/30/2001	\$303,193	\$0
A001055P2X01107 Heritage Air Systems, Inc.	07/31/2001	\$0	\$48,098
A010281P9X02028 Lawson Mechanical Contractors	01/11/2002	\$0	\$2,052,477
A010138P2X02034 Heritage Air Systems, Inc.	02/20/2002	\$0	\$1,370,856
A010263P2X02039 Island ADC, Inc.	04/03/2002	\$0	\$12,185,542
A010248P2X02043 LBL Skysystems, Inc	04/18/2002	\$0	\$2,711,898
A010262P2X02045 Coken Company, Inc.	04/29/2002	\$0	\$4,850,127
A020101P2X02046 Turner Construction Company	04/30/2002	\$0	\$473,668
A020115PWX02048 Patriot Group Contractor, Inc.	05/16/2002	\$0	\$81,547
A020109P2X02055	05/29/2002	\$0	\$1,486,402

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS	
		Disallowed Costs	Better Use Funds
Schindler Elevator Corp.			
A020124P9X02051 Res-Com Insulation, Inc.	05/29/2002	\$0	\$420,630
A020097P9X02063 Artisans G & H Fixtures, Inc.	06/12/2002	\$0	\$1,071,076
A010239P2X02068 Turner Construction Company	06/27/2002	\$0	\$7,057,897
A020086P9X02076 Raymond Interior Systems North	07/30/2002	\$0	\$960,982
A020201P2X02091 Almar Plumbing & Heating Corp.	09/26/2002	\$0	\$729,332
A020223P2X03013 Fine Painting Co., Inc.	11/14/2002	\$0	\$482,555
A010279P9X03015 Morse Diesel International, Inc.	11/20/2002	\$0	\$10,387,248
A020197P2X03051 Rael Automatic Sprinkler Co., Inc.	03/14/2003	\$0	\$539,568
A020133P9X03055 Cosco Fire Protection, Inc.	03/21/2003	\$0	\$754,153
A030106P9X03061 George Foss Company	05/02/2003	\$0	\$434,057
A020230P9X03068 C. E. Toland & Son	05/29/2003	\$0	\$732,958
A040095P2X04077	06/09/2004	\$0	\$569,890

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS	
		Disallowed Costs	Better Use Funds
M.L. Benjamin Enterprises, Inc.			
A040095P2X04079 M. L. Benjamin Enterprises Inc.	06/15/2004	\$18,027	\$0
A040085F7X04085 Onboard Software, Inc.	06/28/2004	\$348,158	\$0
A050083P5X05032 LDI Metalworks, Inc.	12/30/2004	\$0	\$254,335
A050138P3X05082 Nason and Cullen, Inc.	07/08/2005	\$0	\$770,701
A050147F5X06018 Nason and Cullen, Inc.	11/30/2005	\$50,410	\$0

CONTRACT AUDITS

AUDITS WITH MANAGEMENT DECISIONS MADE PRIOR TO MARCH 31, 2006, BUT WITH FINAL ACTION NOT TAKEN AS OF MARCH 31, 2007

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A30324P1X93125 Satin American Corp.	02/17/1993	\$0	\$445,069	Litigation pending with GSA Civilian Board of Contract Appeals.
A21266F4X96034 Rose Talbert Paint Co	11/09/1995	\$728,000	\$0	GSA in process of collecting funds owed the Government from the contractor.
A70632P2X97101 Expert Electric Inc.	03/21/1997	\$0	\$38,045	Negotiations are proceeding between contracting officer and contractor.
A73617PWX97197 Committee For Purchase	08/05/1997	\$2,703,694	\$0	Negotiations are proceeding between contracting officer and contractor.
A42146F7X98093 Haworth, Incorporated	05/27/1998	\$2,943,631	\$0	GSA in process of collecting funds owed the Government from the contractor.
A82441P9X98100 Morse Diesel International	06/17/1998	\$0	\$1,230,088	Morse Diesel Intl. V. U.S., COFC cases. Morse Diesel's claims dismissed, but the case remains open pending the court determination.
A995113P2X99539 Van Deusen & Associates	02/05/1999	\$0	\$532,346	Negotiations are proceeding between contracting officer and contractor.
A995128P6X99558 Sachs Electric Company	03/24/1999	\$0	\$0	Morse Diesel Intl. V. U.S., COFC cases. Morse Diesel's claims dismissed, but the case remains open pending the court determination.
A995231P2X99585 Rael Automatic Sprinkler Company, Inc.	06/24/1999	\$230,539	\$0	Audit case is pending with GSA Civilian Board of Contract Appeals.

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A995249P2X99589 L Martone and Sons Inc.	07/07/1999	\$0	\$0	Audit case is pending with GSA Civilian Board of Contract Appeals.
A995262P3X00007 Metropolitan Steel Industries	10/13/1999	\$0	\$916,518	Audit case is pending with GSA Civilian Board of Contract Appeals.
A995278P3X00009 MidAtlantic Erecors Inc.	10/26/1999	\$0	\$828,963	Audit case is pending with GSA Civilian Board of Contract Appeals.
A995272P3X00016 Metropolitan Steel Industries	11/04/1999	\$0	\$2,558,972	Audit case is pending with GSA Civilian Board of Contract Appeals.
A995271P2X00020 HLW International LLP	11/10/1999	\$0	\$883,410	Audit case is pending with GSA Civilian Board of Contract Appeals.
A000971P5X00107 Midwest Curtainwalls Inc.	06/01/2000	\$0	\$488,953	Litigation pertaining to this audit is pending with GSA Board of Contract Appeals.
A000940P2X00126 Coken Company, Inc.	07/19/2000	\$0	\$99,522	Audit case is pending with GSA Civilian Board of Contract Appeals.
A000941P2X00141 Centrifugal/Mechanical Associates, Inc.	08/24/2000	\$0	\$550,863	Audit case is pending with GSA Civilian Board of Contract Appeals.
A001024P2X01008 Canron Frabrication Corp.	10/17/2000	\$0	\$600,748	Audit case is pending with GSA Civilian Board of Contract Appeals.
A000942P2X01014 Centrifugal/Mechanical Associates, Inc.	10/30/2000	\$0	\$53,744	Audit case is pending with GSA Civilian Board of Contract Appeals.
A000909P2X01046 Turner Construction Company	01/29/2001	\$0	\$724,788	Audit case is pending with GSA Civilian Board of Contract Appeals.
A010127P6X01079 DKW Construction, Inc.	04/30/2001	\$303,193	\$0	Audit case is pending with GSA Civilian Board of Contract Appeals.
A001055P2X01107 Heritage Air Systems, Inc.	07/31/2001	\$0	\$48,098	Audit case is pending with GSA Civilian Board of Contract Appeals.

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A63630FWX02004 The Presidio Corporation	10/18/2001	\$273,000	\$0	GSA in process of collecting funds owed the Government from the contractor.
A010265PWX02011 HNTB District of Columbia Architecture	10/31/2001	\$0	\$61,722	Negotiations are proceeding between contracting officer and contractor.
A010281P9X02028 Lawson Mechanical Contractors	01/11/2002	\$0	\$2,052,477	Morse Diesel Intl. V. U.S., COFC cases. Morse Diesel's claims dismissed, but the case remains open pending the court determination.
A010138P2X02034 Heritage Air Systems, Inc.	02/20/2002	\$0	\$1,370,856	Audit case is pending with GSA Civilian Board of Contract Appeals.
A010263P2X02039 Island ADC, Inc.	04/03/2002	\$0	\$12,185,542	Audit case is pending with GSA Civilian Board of Contract Appeals.
A010248P2X02043 LBL Skysystems, Inc.	04/18/2002	\$0	\$2,711,898	Audit case is pending with GSA Civilian Board of Contract Appeals.
A010262P2X02045 Coken Company, Inc.	04/29/2002	\$0	\$4,850,127	Audit case is pending with GSA Civilian Board of Contract Appeals.
A020101P2X02046 Turner Construction Company	04/30/2002	\$0	\$473,668	Audit case is pending with GSA Civilian Board of Contract Appeals.
A020115PWX02048 Patriot Group Contractor, Inc.	05/16/2002	\$0	\$81,547	Litigation settled. Awaiting documentation to close audit report.
A020109P2X02055 Schindler Elevator Corp.	05/29/2002	\$0	\$1,486,402	Audit case is pending with GSA Civilian Board of Contract Appeals.
A020124P9X02051 Res-Com Insulation, Inc.	05/29/2002	\$0	\$420,630	Morse Diesel Intl. V. U.S., COFC cases. Morse Diesel's claims dismissed, but the case remains open pending the court determination.
A020097P9X02063 Artisans G & H Fixtures, Inc.	06/12/2002	\$0	\$1,071,076	Morse Diesel Intl. V. U.S., COFC cases. Morse Diesel's claims dismissed, but the case remains open pending the court determination.

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A010239P2X02068 Turner Construction Company	06/27/2002	\$0	\$7,057,897	Audit case is pending with GSA Civilian Board of Contract Appeals.
A020191PWX02074 McMullan & Associates, Inc.	07/16/2002	\$0	\$112,320	Negotiations between contracting officer and contractor completed. Awaiting the contracting officer's closure documents.
A020086P9X02076 Raymond Interior Systems North	07/30/2002	\$0	\$960,982	Morse Diesel Intl. V. U.S., COFC cases. Morse Diesel's claims dismissed, but the case remains open pending the court determination.
A020180PWX02087 Adtek Engineering, Inc.	09/04/2002	\$0	\$27,840	Negotiations are proceeding between contracting officer and contractor.
A020196PWX02090 BEI Structural Engineers, Inc.	09/24/2002	\$0	\$544,000	Negotiations are proceeding between contracting officer and contractor.
A020201P2X02091 Almar Plumbing & Heating Corp.	09/26/2002	\$0	\$729,332	Audit case is pending with GSA Civilian Board of Contract Appeals.
A020178F7X03001 Motorola, Inc.	10/02/2002	\$0	\$700,000	Negotiations are proceeding between contracting officer and contractor.
A020223P2X03013 Fine Painting Co., Inc.	11/14/2002	\$0	\$482,555	Audit case is pending with GSA Civilian Board of Contract Appeals.
A010279P9X03015 Morse Diesel International, Inc.	11/20/2002	\$0	\$10,387,248	Morse Diesel Intl. V. U.S., COFC cases. Morse Diesel's claims dismissed, but the case remains open pending the court determination.
A020248P5X03036 Doan/Lake Erie LLC	01/30/2003	\$0	\$2,988,179	Negotiations are proceeding between contracting officer and contractor.
A020197P2X03051 Rael Automatic Sprinkler Co., Inc.	03/14/2003	\$0	\$539,568	Audit case is pending with GSA Civilian Board of Contract Appeals.
A020133P9X03055 Cosco Fire Protection, Inc.	03/21/2003	\$0	\$754,153	Morse Diesel's claims dismissed, but the case remains open pending the court determination.

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A030140FWX03056 Science Applications International Corp.	03/25/2003	\$0	\$1,028,099	Negotiations are proceeding between contracting officer and contractor.
A030106P9X03061 George Foss Company	05/02/2003	\$0	\$434,057	Morse Diesel Intl. V. U.S., COFC cases. Morse Diesel's claims dismissed, but the case remains open pending the court determination.
A020230P9X03068 C. E. Toland & Son	05/29/2003	\$0	\$732,958	Morse Diesel Intl. V. U.S., COFC cases. Morse Diesel's claims dismissed, but the case remains open pending the court determination.
A030138P5X03070 Hunt Construction Group, Inc.	06/02/2003	\$0	\$1,694,144	Negotiations are proceeding between contracting officer and contractor.
A030163F3X03078 Information Network Systems, Inc.	07/02/2003	\$0	\$0	Negotiations are proceeding between contracting officer and contractor.
A030177PWX03087 Jacobs Facilities, Inc.	08/08/2003	\$0	\$35,392	Negotiations are proceeding between contracting officer and contractor.
A030168F9X04030 Dynamic Systems, Inc.	12/17/2003	\$0	\$13,000,000	Negotiations are proceeding between contracting officer and contractor.
A040001F1X04027 Concord Communications, Inc.	12/17/2003	\$0	\$5,525,000	Negotiations are proceeding between contracting officer and contractor.
A040098P5X04038 Gonzalez Hasbrouck, Inc.	01/12/2004	\$0	\$80,010	Negotiations are proceeding between contracting officer and contractor.
A030265F3X04037 Bearing Point, LLC	01/13/2004	\$0	\$2,318,400	Negotiations are proceeding between contracting officer and contractor.
A040119P5X04044 Julie Snow Architects, Inc.	02/03/2004	\$0	\$76,575	Negotiations are proceeding between contracting officer and contractor.
A030186F5X04054 Nova Solutions	03/09/2004	\$46,805	\$0	GSA in process of collecting funds owed the Government from the contractor.

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A040162F5X04053 Nova Solutions, Inc.	03/09/2004	\$0	\$17,000	GSA in process of collecting funds owed the Government from the contractor.
A040091P5X04074 Industrial First, Inc.	06/03/2004	\$0	\$672,598	Negotiations are proceeding between contracting officer and contractor.
A040165P5X04076 Industrial First, Inc.	06/08/2004	\$0	\$978,699	Negotiations are proceeding between contracting officer and contractor.
A040095P2X04077 M.L. Benjamin Enterprises, Inc.	06/09/2004	\$0	\$569,890	Audit case is pending with GSA Civilian Board of Contract Appeals.
A040095P2X04079 M.L. Benjamin Enterprises, Inc.	06/15/2004	\$18,027	\$0	Audit case is pending with GSA Civilian Board of Contract Appeals.
A040085F7X04085 Onboard Software, Inc.	06/28/2004	\$348,158	\$0	Audit case is pending with GSA Civilian Board of Contract Appeals.
A040143P5X04088 Simplexgrinnel, LP.	07/01/2004	\$0	\$615,863	Negotiations are proceeding between contracting officer and contractor.
A040125P2X04090 Cannon Design, Inc.	07/12/2004	\$0	\$1,963,605	Negotiations between contracting officer and contractor completed. Awaiting the contracting officer's closure documents.
A040211F6X05011 Allsteel, Inc.	10/29/2004	\$0	\$16,500,000	Negotiations are proceeding between contracting officer and contractor.
A050083P5X05032 LDI Metalworks, Inc.	12/30/2004	\$0	\$254,335	Audit case is pending with GSA Civilian Board of Contract Appeals.
A050059F7X05061 Cort Business Services	04/06/2005	\$0	\$2,400,000	Negotiations between contracting officer and contractor completed. Awaiting the contracting officer's closure documents.
A050112F7X05068 Entrust Inc.	05/10/2005	\$0	\$3,300,000	Negotiations are proceeding between contracting officer and contractor.
A050100F3X05076 Technical and Management Services Corporation	06/17/2005	\$0	\$21,000,000	Negotiations are proceeding between contracting officer and contractor.

REPORT NUMBER NAME OF CONTRACTOR	DATE OF REPORT	MANAGEMENT DECISION AMOUNTS		REASON FOR NO FINAL ACTION
		Disallowed Costs	Better Use Funds	
A050077F6X05077 DPRA, Inc.	06/24/2005	\$0	\$1,860,170	Negotiations are proceeding between contracting officer and contractor.
A050007FWX05085 Network Equipment Technologies Federal	07/08/2005	\$0	\$14,800,000	Negotiations are proceeding between contracting officer and contractor.
A050138P3X05082 Nason and Cullen, Inc.	07/08/2005	\$0	\$770,701	Audit case is pending with GSA Civilian Board of Contract Appeals.
A050203P5X05098 Skidmore, Owings and Merrill, LLP	08/04/2005	\$0	\$260,682	Negotiations are proceeding between contracting officer and contractor.
A050157T6X05100 Compucom Federal Systems, Inc.	08/15/2005	\$0	\$6,026,255	Negotiations are proceeding between contracting officer and contractor.
A050125F7X05102 Steelcase, Incorporated	09/07/2005	\$0	\$34,139,100	Negotiations are proceeding between contracting officer and contractor.
A050151FWX05107 Global Computer Enterprises, Inc.	09/12/2005	\$0	\$0	Negotiations are proceeding between contracting officer and contractor.
A050089F5X06001 Hill-Rom Company, Inc.	10/07/2005	\$0	\$3,900,000	Negotiations are proceeding between contracting officer and contractor.
A050105F6X06006 BCOP Federal	10/12/2005	\$0	\$29,550,000	Negotiations are proceeding between contracting officer and contractor.
A050147F5X06018 Herman Miller, Inc.	11/30/2005	\$50,410	\$0	Audit case is pending with GSA Civilian Board of Contract Appeals.
A050243F2X06024 Community Research Associates, Inc.	12/12/2005	\$0	\$1,277,143	Negotiations are proceeding between contracting officer and contractor.
A050247T1X06031 Lockheed Martin Information Technology	01/05/2006	\$0	\$682,278	Negotiations are proceeding between contracting officer and contractor.

GLOSSARY OF TERMS

The following definitions, based on the Inspector General Act Amendment of 1988, apply to terms used in this Semiannual Management Report:

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

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

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

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

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

Management Decision. The evaluation by management of the findings and recommendations included in an audit report and the issuance of a final decision by management concerning its response to such findings and

recommendations, including planned corrective actions to remedy weaknesses identified in the report.

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

Management Actions – Questioned Costs. The following is a list of the different management actions used by GSA management to resolve questioned costs in an audit report.

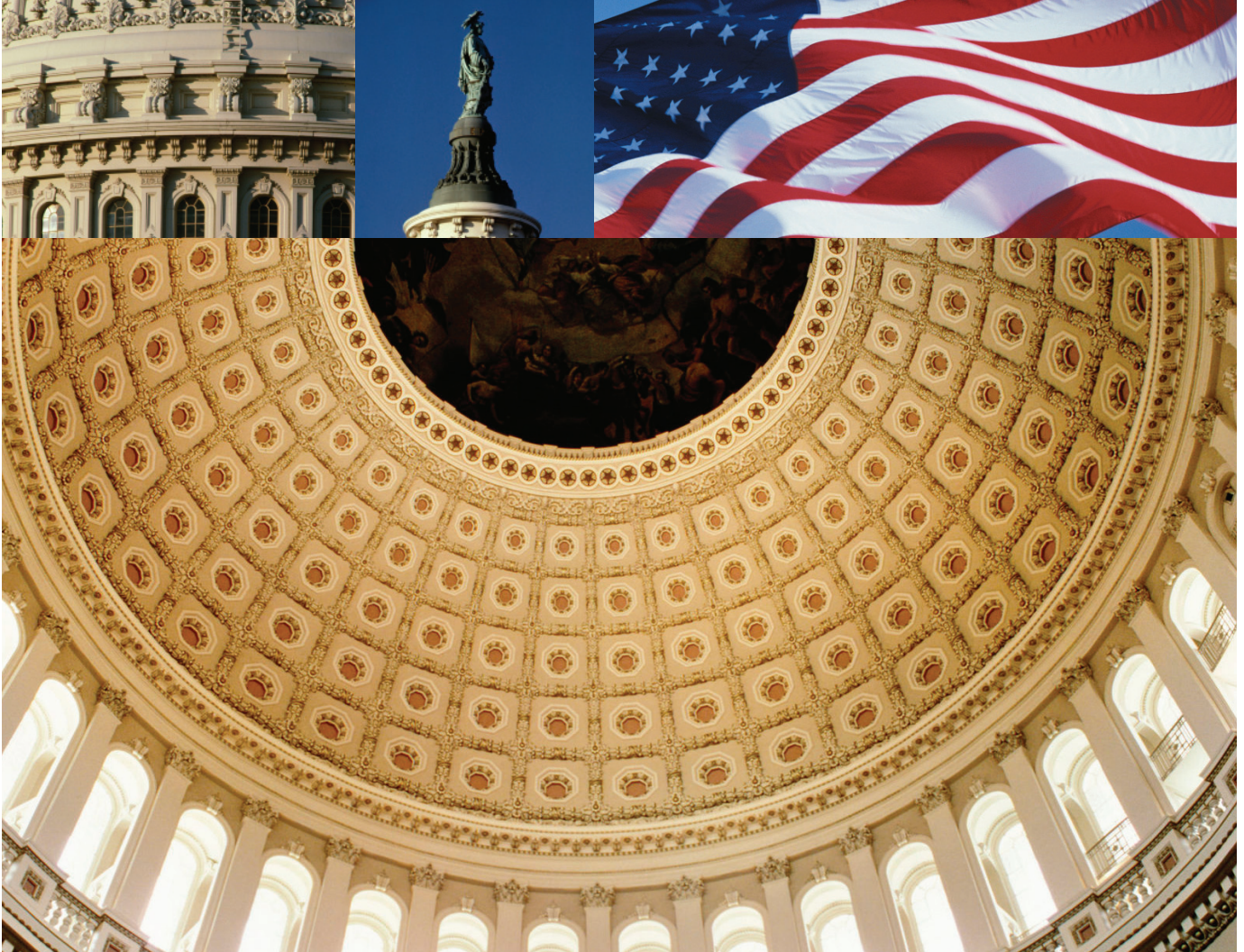
- **Audit reports on which management decisions were made during the period:** Data pertaining to the number of audit reports on which management decisions were made during the period and the associated amount of disallowed costs was furnished by the OIG.
- **Write-offs:** For the purposes of this report,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

Management Actions – Better Use Funds. The following is a list of the different management actions used by GSA management to resolve the “better use” of funds in an audit report.

- **Better Use Funds:** The figure represents amounts cited as “cost avoidance” and “funds to be put to better use,” as agreed to by GSA management and the OIG. Prior to April 1990, no funds were identified by the OIG specifically as “funds to be put to better use,” and no management decisions were issued based on the consideration of “better use” of funds.
- **Budget Impact Funds:** Funds identified as “budget impact” involve the obligation process. Audit-related savings of these funds, depending on the particular fund involved, may be available for reprogramming.
- **No Budget Impact Funds:** Funds identified as “no budget impact” are composed of estimated and actual amounts, and do not involve obligated monies, and, therefore, cannot be construed as having a material effect on GSA’s appropriated funds.
- **Audit reports on which management decisions were made during the period:** Data pertaining to the number of audit reports on which

management decisions were made during the period and the associated dollar amounts agreed to by management were furnished by the OIG.

- **Value of recommendations that management concluded should not or could not be calculable:** Management was unable to determine the award amounts and “better use funds” implemented since the amount is included in the overall award to the prime contractor and savings could not be determined.



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