




U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

May 7, 2010

MEMORANDUM FOR JOHN SCORCIA
REGIONAL COMMISSIONER
NORTHEAST AND CARIBBEAN REGION (2P)

FROM: 
R. NICHOLAS GOCO
DEPUTY ASSISTANT INSPECTOR GENERAL
FOR REAL PROPERTY AUDITS (JA-R)

SUBJECT: Audit Memorandum – Preliminary Observations on PBS’s Major Construction and Modernization Projects Funded by the American Recovery and Reinvestment Act of 2009: Deobligation of Prospectus Funding on the Rodino Renovation Project
Audit Number A090172

The GSA Office of Inspector General is conducting an oversight review of the projects funded by the American Recovery and Reinvestment Act of 2009 (Recovery Act). One objective of this oversight is to determine if the Public Buildings Service (PBS) is planning, awarding, and administering contracts for major construction and modernization projects in accordance with prescribed criteria and Recovery Act mandates. During our review we noted a situation regarding the obligation of funds which we believe warrants your attention.

Our review identified that PBS deobligated prospectus funding for the advanced design of a project and is now using Recovery Act funds to complete the project design. Since prospectus funding was appropriated specifically for the design of this project, PBS needs to ensure that it has the proper authority to reprogram these funds or that it obtains such authority.

As part of our review, we examined contract modifications for architectural and engineering services related to the renovation of the Peter W. Rodino Federal Building (Contract Number GS-02P-04-DTC-0031). A modification to this contract deobligated \$1,404,734.53 in fiscal year 2005 prospectus funding for advance design. According to the project manager, the scope was changed in the middle of the design process and the design was put on hold. After the project obtained Recovery Act funding, PBS funded the design of the re-scoped project with Recovery Act funds and deobligated the balance of the prospectus design funds.

While this practice is not unallowable per se, PBS should be cognizant of the limitations placed on appropriated funds. Agencies may reprogram¹ unobligated funds as long as the expenditures

¹ Reprogramming is the utilization of funds in an appropriation account for purposes other than those contemplated at the time of appropriation. In other words, it is the shifting of funds from one object to another *within* an appropriation.

are within the general purpose of the appropriation and are not in violation of any other specific limitation or otherwise prohibited; however, prospectus funds cannot be transferred² without statutory authority. In order to use the remaining prospectus funding for the project, PBS would need to reprogram the funds for use in connection with a previously authorized construction line-item. In the absence of such a line-item or listing of the project in the agency's Recovery Act spending plan, PBS would need to ensure that proper authority exists or that it obtains such authority in order to reprogram the remaining funding into the approved project.

This memorandum is not a report nor does it contain formal recommendations; therefore, it is not subject to the audit resolution process and no written comments or corrective action plan are required at this time.

We appreciate the support that has been provided throughout this review. If you have any questions about this memorandum, please contact Nicholas Painter, Audit Manager, on (404) 331-5520 or me on (202) 219-0088.

² Transfer is the shifting of funds between appropriations. For example, if an agency receives one appropriation for Operations and Maintenance and another for Capital Expenditures, a shifting of funds from either one to the other is a transfer.