

**MOVING FROM SCANDAL TO STRATEGY:
THE FUTURE OF THE GENERAL SERVICES
ADMINISTRATION**

HEARING

BEFORE THE

COMMITTEE ON
HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE
ONE HUNDRED TWELFTH CONGRESS

SECOND SESSION

SEPTEMBER 12, 2012

Available via the World Wide Web: <http://www.fdsys.gov/>

Printed for the use of the
Committee on Homeland Security and Governmental Affairs



U.S. GOVERNMENT PRINTING OFFICE

76-067 PDF

WASHINGTON : 2012

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
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WEDNESDAY, SEPTEMBER 12, 2012

U.S. SENATE,
COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 10:03 a.m., in room SD-342, Dirksen Senate Office Building, Hon. Joseph I. Lieberman, Chairman of the Committee, presiding.

Present: Senators Lieberman, McCaskill, Collins, and Johnson.

OPENING STATEMENT OF CHAIRMAN LIEBERMAN

Chairman LIEBERMAN. The hearing will come to order. Good morning and welcome. This morning our focus is on what the General Services Administration (GSA) is doing to move beyond the scandals that have recently dominated its activities and the public's impression of it and get back to saving the taxpayers money, which is its function, of course, through the efficient acquisition of goods and services and smart management of government property.

The agency's mission has been sadly compromised by these scandals involving a minority of employees at the agency, but unfortunately, that is the reality.

Former Administrator Martha Johnson stepped down in April, after the Inspector General (IG) reported truly outrageous and offensive spending on a GSA Western Regions Conference (WRC) that cost over \$800,000. Her replacement, Acting Administrator Daniel Tangherlini, is with us today to discuss what he has done since then and where the agency goes from here.

I want to say that I have been impressed by your efforts, Mr. Tangherlini, to curb irresponsible spending and to conduct a top-to-bottom review of GSA policies and operations to determine if there are other areas where the agency has been a careless steward of taxpayer dollars.

The Committee's interest in this subject is based on our jurisdiction over government operations generally. Sometimes people focus on the homeland security part of our jurisdiction, but the traditional, longstanding jurisdiction is governmental affairs. And we have specific jurisdiction over the GSA.

To most Americans, the General Services Administration is probably unknown or is an obscure Federal agency, but its purpose

could not be more important to the way our government spends their taxpayer dollars. I think GSA's history is relevant and interesting. I just want to touch on it briefly.

In 1947, Congress established a Commission on Organization of the Executive Branch of the Government to recommend ways to streamline the government while spending "the lowest amount consistent with the efficient performance of essential services." The Commission recommended creation of a separate agency to purchase goods and services and maintain public property across the government as a way to eliminate duplication, streamline operations, limit government spending, and help other agencies be more efficient. In other words, the status quo then was that the agencies were all doing this themselves.

In its final report, the Commission said, "To the general public, the housekeeping activities . . . are little known, but unless they are properly administered, the Executive Branch cannot be effectively managed."

The words of the Commission ring as true today as they did in 1947, in some ways even more loudly because of the period of economic stress we are in and because of the unprecedented, enormous debt that the Federal Government is running. So we have to do more with less, and GSA is one of the lead agencies that can help us do that.

It actually has an enormous portfolio of responsibilities. GSA negotiates contracts worth more than \$40 billion a year, manages \$500 billion in assets, mostly real estate, and owns or leases 9,600 buildings around the country. That is a big operation.

The agency is critical to the maintenance, for instance, of our courthouses, ports of entry, and Social Security offices. It makes sure that Federal workers have what they need to perform their jobs, from office supplies to information technology (IT) services. It takes care of what the 1947 Commission called "housekeeping" matters so that the agencies of the Federal Government can focus more exclusively on their missions, and it leverages the purchasing power of the entire Federal Government to get the best deal possible for the taxpayer.

We know that most GSA employees go to work every day with one overriding goal, and that is, to serve their country, not themselves. But obviously, we also now know that some GSA employees were falling very far below that standard—eight trips by GSA employees to plan for a Las Vegas conference and awards ceremony that cost the taxpayers \$822,000. Conference organizers spent over \$146,000 on food, \$75,000 for a team-building exercise that involved building bicycles, thousands of dollars more on after-hours parties, and over \$6,000 on commemorative coins.

We have heard that litany of irresponsibility before, but it bears repetition as we consider what has happened since those disclosures and what will happen going forward.

Unfortunately, the Las Vegas conference was not an isolated instance of bad judgment. We now know from the work of the IG and other work that has been done, and some evidence that our own Committee has collected, that there was what I would call a culture of abuse and irresponsibility in GSA's Region 9, with all of that extravagant travel, misuse of government purchase cards, and

a very poorly run awards program that allowed employees to treat themselves to iPods and DVD players.

We found questionable, to say the least, bonuses awarded throughout the agency, thousands of dollars spent on cooking classes for employees in the Kansas City region, and a \$270,000 awards ceremony where taxpayers paid for GSA employees to beat on drums. I mean, really, in too many parts, GSA had become an agency out of control.

Acting Administrator Tangherlini has shown he understands this and agrees and has instituted new procedures directly for the approval of conferences and has canceled 47 conferences that he determined to be questionable. These changes have saved the taxpayers over \$11 million. He has also strengthened the Chief Financial Officer's authority over GSA's regional offices, which I strongly endorse, and has cut 85 percent of Senior Executive Service (SES) bonuses. Today Mr. Tangherlini will report on his review of GSA to get the agency back on track to fulfill its core mission, as I have described it.

GSA Inspector General Brian Miller is also here with us today. He is a real hero in this story, his work having uncovered the flagrant and inexcusable spending by some GSA employees. Today he will help us understand how these scandals fit into the agency's overarching management problems.

I was struck by the enormous award to the whistleblower of over \$100 million for uncovering the tax fraud that was going on, and I do not think we can award you that sum of money this morning, Mr. Miller, but you have our invaluable, I hope, and really quite sincere gratitude for your work that uncovered this mess.

Bottom line, we have to go forward together—the GSA, Congress, and the Administration—to ensure that spending abuses like those uncovered at the agency are never repeated and to help GSA return to the fundamentals of helping our government do more with less. Of course, I hope that our hearing today helps to keep that process in motion. Senator Collins.

OPENING STATEMENT OF SENATOR COLLINS

Senator COLLINS. Thank you, Mr. Chairman. First of all, I want to thank you for holding this important oversight hearing on the GSA, the agency that is the Nation's landlord for Federal agencies and is supposed to be the Federal Government's leader in procurement and administrative services.

Let me begin my remarks today by sharing with you the following excerpt from a *Fortune* magazine article that describes some of the problems at GSA.

"The new Administrator claims that there have been improvements in GSA . . . GSA is, nevertheless, the most durable mess in Washington. . . . The story involves great U.S. corporations and marginal operators . . . Chicago politicians; Washington influence peddlers and fixers . . . and, above all, time-serving bureaucrats who are . . . just job holders, glowing with contempt for the U.S. taxpayer. Happily, the cast also includes some honest, capable, GSA employees . . . harried, half underground, and hoping for better days."

I, too, am hoping for better days, but my hope is tempered by the fact that these words were written in 1955, and yet here we are again.

In April of this year, we learned about the inexcusable waste of taxpayer money at the 2010 Western Regions Conference where GSA employees, as the Chairman has indicated, spent more than \$800,000 for a Las Vegas conference and eight off-site planning meetings in advance of the real meeting. The Inspector General has found that GSA violated numerous contracting regulations and policies, including the Federal Travel Regulation, in connection with this conference. The IG also said that this situation raises "special concern" because GSA, as the Federal Government's manager of acquisition policy, should be a "model" in contracting and managing travel and conference costs. He has underscored that "the absence of agency financial controls and top-down accountability allowed the 2010 (Las Vegas conference) expenditures to occur unchecked." But that is not all.

Since then, our Committee's investigation has uncovered a 2012 leadership conference in Napa Valley costing \$40,000 before accounting for travel costs, \$300,000 in relocation compensation for an employee who left the agency after just 1 year, 5- to 6-day trips to Hawaii for a one-hour ribbon-cutting ceremony, and questionable monetary awards and bonuses for some of the very same people involved in planning the Las Vegas conference.

Now, GSA employees knew that this was wrong. One admitted to the IG, "I never tell my friends what I spend . . . because they are all out of work . . . and they would say, 'Are you kidding me?'"

Undoubtedly, I would say to our witnesses and our Committee Members, that is the reaction of all taxpayers footing the bill.

All of this tells me that there is not just an inexcusable lack of financial controls and accountability at GSA. There is also a culture problem that says that this is OK, that this is acceptable, but just do not talk about it.

After the Las Vegas conference scandal broke, some tried to claim that the problem was isolated to the Western Regions or even only Region 9 based in San Francisco. But additional facts suggest otherwise. We have read press reports about GSA spending \$20,000 for cooking classes for employees in Kansas City for team-building exercises. GSA also threw a 1-day award celebration in November 2010 at a cost of nearly \$269,000. This is the event that the Chairman mentioned at which GSA employees received drumsticks so that they could all drum together. The cost of this drumming exercise with each employee having their own GSA-purchased drumsticks was almost \$30,000.

In light of these continuing revelations, this Committee has sought explanations from the IG, the Acting Administrator, and all 11 Regional Administrators. Their responses highlighted the importance of the top-to-bottom review, which I want to commend the new Acting Administrator for undertaking, as well as the urgent need to implement organizational change and improve accountability.

The Regional Administrators were not able to answer even basic questions about the budgets and spending in their own regions. They reported that the Public Buildings Service (PBS) and the Fed-

eral Acquisition Service (FAS) “operate with separate budgets and with separate reporting structures.” But here is what is most troubling. The fact is that no one in the agency has been able to provide detailed information on conference spending and related contracts within the regions because there has been no system to track such basic expenditures. Consequently, the top leadership in each region had little to no authority over the regional activities and spending of PBS and FAS. The convoluted configuration makes no sense and does not promote accountability.

GSA also appears to have an extremely generous award policy that has little correlation with excellent performance by recipients, and let me make clear that I recognize there are some top-notch employees at GSA. I have had some of them detailed to my Committee staff, and some of them have extraordinary competence and dedication.

But we learned that 50 people involved in planning the Las Vegas conference received awards totaling \$35,500. And what was the outstanding performance for which these employees were being rewarded? For most, it was solely their role in planning this conference. An employee who led the Las Vegas conference planning received an award of \$16,500, and this award was given after GSA leadership was informed of the IG’s initial findings related to the conference scandal. Other executives involved in the conference received similarly generous awards ranging from \$15,800 to a head-shaking total of \$54,640.

This was not just related to officials who planned the Western Regions Conference. One Federal Acquisition Service executive received awards totaling \$79,000. This is outrageous and particularly so in the midst of what is supposed to be a freeze on pay in the Federal Government, a bad economy, and high unemployment.

I very much appreciate that the Acting Administrator has recognized this problem as well during the course of his review and found that there are “clear deficiencies in the area of performance awards” and has frozen awards pending further review.

The top-to-bottom review must result in lasting, sustainable reforms. Not one more dollar at this agency can afford to be wasted. The time for patiently hoping for better days is over.

I am encouraged by the Acting Administrator’s actions so far, but aggressive congressional oversight must continue because, to quote from that 1955 article, GSA seems to be “the most durable mess in Washington.”

Thank you, Mr. Chairman.

Chairman LIEBERMAN. Thank you, Senator Collins. It is interesting that we both separately went back decades, both to the founding of GSA and then only 7 or 8 years later it had already become a durable mess. So eternal vigilance is the price of efficiency in this case.

Before I introduce our two witnesses, I want to thank both of them for their answers to the oversight letters that Senator Collins and I sent following the Western Regions Conference scandal.

Acting Administrator Tangherlini and every GSA Regional Administrator was asked a series of detailed questions about the financial management of GSA, the organizational structure of the agency, conference and travel expenses, and a range of contracting

issues. We also offered our thoughts to the IG on ways that his continued oversight might be helpful to our Committee, and he responded quite positively.

I want to note that these letters, as well as the responses, are all posted on our Committee's Web site for public view, and we will also include them in the record of this hearing.¹ And I think it is an indication that this Committee, which will be under new leadership, at least in part, next year, intends to continue the oversight of GSA.

With that, I will call on the Acting Administrator of GSA, Dan Tangherlini.

TESTIMONY OF HON. DANIEL M. TANGHERLINI,² ACTING ADMINISTRATOR, U.S. GENERAL SERVICES ADMINISTRATION

Mr. TANGHERLINI. Good morning, Chairman Lieberman, Senator Collins, Members, and staff of the Committee. Thank you very much for having me here this morning.

I want to start by thanking the Members of this Committee. Your responsible and thorough oversight brought many of the issues that we have investigated in recent months to our attention. I would also like to thank our Inspector General, Brian Miller, and his staff, who joins me here today. From my first day in this position, I made it a priority to build a constructive relationship with him and his entire team. Along the way, he has contributed many important recommendations for reform.

Five months ago, I was ordered by President Obama to assume the role of Acting Administrator of the General Services Administration in the wake of an investigation into the 2010 GSA Western Regions Conference. What happened at that conference was a complete waste of the taxpayers' money and an unacceptable breach of their trust. This event was the result of a pattern of misjudgments at GSA that took place over several years and multiple administrations. This pattern has no place in any Federal agency, but it is particularly at odds with the priorities of this Administration and the mission of GSA.

Since we were founded in the wake of World War II, our mission has been to deliver value for the taxpayers as well as consistent and responsive services to the agencies of the Federal Government. In this time of shrinking budgets, our mission has never been more important, and it is critical that we find a way to make every last taxpayer dollar count. Refocusing GSA on this core mission has been the driving force behind every action we have taken since I have arrived.

As Acting Administrator, I immediately moved to build systems to prevent this kind of waste and abuse. I instituted a series of reforms that centralized the review of proposed conferences and cut back on employee travel. This resulted in the elimination of nearly 50 conferences and reduced travel budgets. These actions have already saved more than \$11 million in taxpayer funds. We have also created mandatory online training on conference attendance to en-

¹ The letters referenced by Chairman Lieberman appear in the Appendix on page 72.

² The prepared statement of Mr. Tangherlini appears in the Appendix on page 37.

sure that every employee at GSA understands our expectations of what is acceptable at conferences.

My next step was to put together a team of experts from both outside and inside GSA that spent the next 5 months conducting a top-to-bottom review of this agency. Our task was to examine how GSA operated and what reforms could be implemented to help the agency better accomplish its mission. The top-to-bottom review has been conducted along several simultaneous tracks. We conducted interviews and meetings with agency employees, both one-on-one and with the leadership of two dozen major operating units within GSA, to discuss strategy, operations, and human capital.

Through the "Great Ideas Hunt," GSA employees across the country sent in their ideas for saving money and other reforms, generating more than 600 ideas and thousands of comments. So far, the ideas implemented from this effort have already generated nearly \$6 million in potential savings.

We also looked beyond the Federal Government and met with business leaders in procurement and real estate to find best practices from comparable private sector business models. At the same time, we performed exhaustive analysis of financial and performance data within the agency as well as studied Inspector General and Government Accountability Office (GAO) reports.

Finally, we held more than a dozen meetings with other Federal agencies for feedback and to identify areas where GSA can provide greater savings.

Through this review, GSA has instituted reforms addressing the problems that exist within the agency while also enabling us to better serve the American people and other agencies in the future.

To start with, I issued an order to consolidate all budget, finance, and accounting personnel under the Chief Financial Officer. By placing the responsibility for all spending and budgeting decisions in this position, we will be able to increase transparency, accountability, and oversight on GSA spending, giving Congress and taxpayers a better understanding of how and where their funds are being used.

One of the key findings of our top-to-bottom review was that the consolidation of the Chief Information Officer (CIO) functions provides an opportunity to improve the performance and cost-effectiveness of GSA's IT portfolio. Previously, the CIO had limited authority over project development, budgets, and performance. This week, I will be notifying Congress of my intent to consolidate all information technology personnel, budgets, and systems under the CIO.

By creating a central authority over the development and maintenance of information systems, GSA will streamline its IT investments while also increasing access to agency data.

GSA will also be notifying Congress of our intent to consolidate hiring responsibilities and human capital management personnel and operations under the Chief People Officer to eliminate multiple redundant layers of dispersed human resources activities and functions.

Another area within GSA where we found a need for reform was performance awards. It is imperative that we never forget that the quality of the work we do must not be dependent on rewards and bonuses. The quality of our work should be based on our pride in

our mission and in serving our fellow citizens to the very best of our ability. Going forward, this will be the bar we set for ourselves.

To this end, we have already cut bonuses substantially, with senior executive performance awards being reduced by 85 percent this year and the suspension of all performance awards given out in the Administrator's office. But we will go further by reducing the budget for all performance awards across the agency. I believe that these awards should be issued for notable service that goes above and beyond the basic expected level of performance.

In the future, GSA will refocus our awards program by integrating cost savings and efficiency goals—the core elements of our mission—into every employee's responsibilities. It will be by those standards—standards which define our agency—that our employees will be judged and rewarded.

Moving forward, I have instituted a targeted hiring freeze across the agency. As we examine how GSA is structured and what is the most efficient and effective compensation process for our employees, we must ensure that any new hires are aligned with the outcomes of our ongoing review.

Last week, we filled an important leadership position at GSA by naming Dr. Dorothy Robyn as the agency's new Commissioner for the Public Buildings Service, and we are working on finding a new Federal Acquisition Service Commissioner as well. These leaders will help return GSA to its core mission of saving taxpayer dollars and reinvigorating GSA's two main business lines.

Finally, as part of our mission to deliver value as well as President Obama's campaign to cut waste, we also examined multiple ways that GSA could better save taxpayer money. For example, we found that many of the fees assessed on other agencies for use of GSA schedules or other services have not been reviewed or adjusted in many years. Based on our review, we will be proposing the reduction of targeted fees from our Federal Acquisition Service. This will result in savings across the government of millions of dollars.

We are also convening an interagency working group to review and develop recommendations on the overall fee structure for the schedules, and we will be reporting back to Congress on those findings.

Over the past 5 months, we have already made significant progress toward building a better GSA. This agency is filled with talented individuals who do outstanding work on behalf of the people of this country every day. This review has helped us begin to transform GSA into an organization that can utilize those talents to their fullest potential.

I am confident that, with the support of Congress, we can accomplish these reforms and create a culture of continuous evaluation and improvement at GSA. That is the kind of culture we need to restore the trust of the American people and refocus this agency on providing the highest level of value and service to this country.

I welcome the opportunity to be here today and answer any questions that you may have. Thank you.

Chairman LIEBERMAN. Thank you very much, Acting Administrator Tangherlini.

Mr. Miller, thanks again for your good work, and we welcome your testimony now.

**TESTIMONY OF HON. BRIAN D. MILLER,¹ INSPECTOR
GENERAL, U.S. GENERAL SERVICES ADMINISTRATION**

Mr. MILLER. Chairman Lieberman, Senator Collins, and Members of the Committee, thank you for the opportunity to testify at today's hearing. We have several ongoing investigations involving conferences, and we have an ongoing audit of conferences held between October 2011 and April 2012. We expect that the issues we have identified thus far will be remedied with the changes Acting Administrator Tangherlini has begun to implement. We look forward to advising the Committee when we complete those reviews and have definitive conclusions.

Our audits of contracting practices at GSA also continue, and we have issued three reports recently that are available on our Web site. Those reports found, among other things, that the Federal Acquisition Service's Network Services Division, Pacific Rim, lacks written procedures and management controls over contract administration, and the contract file documentation for FAS Blanket Purchase Agreements did not support award decisions or provide a complete history of the acquisition. Management concurred with the findings and recommendations in those reports.

With regard to purchase cards, our Office of Forensic Auditing and our Office of Investigations continue to conduct reviews and investigations of suspicious transactions across the charge card program. These ongoing reviews have recovered over \$1.9 million in government charge card cases through forfeitures, restitutions, fines, seizures, recoveries, and penalties since 2009.

We report on significant management challenges at GSA each year. Our audits and investigations are structured around these challenges and focus on high-dollar contracts and Federal buildings. We will continue to update Congress and work with the agency on any serious challenges we uncover within its programs and operations.

Finally, I would like to briefly address the steps being taken to reduce fraud, waste, and abuse at GSA. I am encouraged by the steps Acting Administrator Tangherlini has undertaken to make sure that something like the 2010 Western Regions Conference could never occur again at GSA. The first step in stopping waste is to identify it, and to accomplish that, employees need to be willing to come forward when they learn of questionable activities. The Acting Administrator and I conducted town hall meetings throughout the regions to reiterate the valuable role GSA employees have as the first line of defense against fraud, waste, and abuse. In the month following the report's release, the number of incoming hot-line tips more than doubled, and I believe that we are seeing improvement in employees' willingness to raise concerns. I would also note that GSA has responded to each recommendation made in the Western Regions Conference report and, among other things, GSA has moved to centralize the Office of the Chief Financial Officer and other offices. It is also my understanding that the Office of Ad-

¹The prepared statement of Mr. Miller appears in the Appendix on page 43.

ministrative Services is implementing controls over conferences, including spending and procurement, to ensure top-down accountability, and 47 conferences have been canceled. Additionally, GSA has introduced a new online training session on conference attendance that is mandatory for every employee.

Thank you again for the opportunity to testify. I would be happy to answer any questions the Committee may have. Thank you.

Chairman LIEBERMAN. Thanks very much, Mr. Miller.

We will begin with a 7-minute round of questions from the Members.

Mr. Miller, as you know, on May 10, 2012, Senator Collins and I sent you a letter asking that you conduct additional investigations into conference and travel expenses at GSA so we could have a fuller understanding of the scope of the problems at GSA.

Since that time, I know that the Acting Administrator has also referred other questionable activities to you to investigate, including that \$270,000 awards ceremony held by the Federal Acquisition Service that we have referred to.

I know these are ongoing, but I wonder whether it is possible for you to give us an update on whether you have seen further evidence of the scope of the management problems—in other words, beyond the Western Regions.

Mr. MILLER. Senator, as you know, with ongoing reviews, it is difficult to reveal a lot. I will tell you the parameters of the audit. We are looking at conferences that occurred in fiscal years 2011 and 2012 that have over 25 employees attending and are over \$10,000. And so we are looking at those conferences. We are identifying the high-risk conferences, that is, conferences where the price per attendee is over the average price for attendees. So we are identifying them in terms of high risk.

In terms of the scope, we are looking at similar problems that occurred at WRC, and there are many problems that occurred—

Chairman LIEBERMAN. Similar problems within—

Mr. MILLER. That occurred in the WRC. In the WRC report.

Chairman LIEBERMAN. Western Regions, right.

Mr. MILLER. Western Regions Conference. There were many problems that were identified. There were problems with the event planners, and we are looking to see if that is unusual or not. There were problems with following contracting procedures. We are looking to see if those problems are unusual or not, and unusual expenditures, and we will continue to look at that. We are focusing on those sorts of issues. As far as we can tell, we have an example in the Western Regions Conference of problems, and Acting Administrator Tangherlini has put into place some controls to address those problems. And we are looking at the recent conferences to see if there are any other problems outside of those.

Chairman LIEBERMAN. Right.

Mr. MILLER. And, certainly, if we find some, we will report them as soon as possible. But Acting Administrator Tangherlini has put into place some controls that prevent problems like WRC from happening again, and I am not sure how many examples the Committee needs to support the fact that these controls are needed.

Chairman LIEBERMAN. So at this point you are not prepared to say more than that because your investigation, in response to our letter and independently, is ongoing.

Mr. MILLER. It is ongoing, Mr. Chairman. I would love to tell you more. I do not want speed to in any way inhibit accuracy, and I would rather be fully accurate in what I tell you.

Chairman LIEBERMAN. Good enough. I appreciate it.

Mr. Tangherlini, I welcome the statement in your testimony that you are going to revisit the level of fees that GSA charges other agencies for use of its contracts under its Multiple Award Schedules program. The fee, I would say for the benefit of others, which is expressed as a percentage of the dollar value of orders placed under the contracts, has remained stable—that is, the same—at 0.75 percent since fiscal year 2004.

In recent years, the fees have generated well over \$250 million a year. Both GAO and the IG have questioned whether the fee could be lowered to save the agencies money, and of course, we welcome that. But the reason is an important one, which is that the fees have now generated more than is needed to actually run the Schedules program. IG Miller's audit of the fee program earlier this year found that as of September 2009, the revolving fund where the fees are deposited had reserves of over \$687 million—a considerable amount of money.

Mr. Miller, is there an update from September 2009 about how much is in that fund at this time?

Mr. MILLER. I do not have an update right now on the amount in the fund, but you are correct about our audit findings.

Chairman LIEBERMAN. To the extent that you have a more recent number or can come up with one, I would welcome you to submit it to the Committee for our record.

Let me come back to you, Mr. Tangherlini. As the IG had pointed out in his audit, the fees can be used, interestingly, to fund administrative costs of the Schedules program or to help fund other programs run by the Federal Acquisition Service, or excess funds can actually be returned to the Treasury. But it seems that the decisionmaking process for what happens to these reserve funds is effectively a black box at this point.

So I want to ask you two questions. One is whether you have thought about what you would recommend be done with the excess funds. And second, are you prepared to do something that will make the process of handling these funds, which are, after all, public money, more transparent?

Mr. TANGHERLINI. Thank you very much, Mr. Chairman. To answer your second question because that is the easier one, the answer is yes. We need to increase the transparency of all these processes, particularly when they involve agency and, by extension, taxpayer monies so that people know they are getting the best value for the resources that they put in.

I do want you to know that it was really the IG report and the GAO reports that were foundational for us taking a look at the way we charge these fees, the way we build these reserve balances, what those balances are for. And there are some very strong and important business reasons why Congress gave the authority to

FAS to reserve these funds so that they can make sure that they can continue to provide services.

But that having been said, we do not think that they have been substantially revisited in quite some time, and we think that it is worthy of a good deep dive and inspection and a better understanding of what should be the right level for reserve and how can we provide a more transparent process so people can see what is going on within FAS. And at the same time, we think that there is already an opportunity for us to reduce fees. We have a surcharge on the Federal Strategic Sourcing Initiative contracts right now that in many ways discourages agencies from doing the right thing and using the strategic-sourced contracts. And we want to take away that fee. We want to reduce some other fees, and we really want to kick off a broader discussion with our agency partners and say, "What is the right structure for these fees going forward," recognizing the analysis done by the IG and the GAO.

Chairman LIEBERMAN. I welcome that response. So I agree with you that there was a reason for establishing the reserve fund, so we do not want to eliminate the reserve fund. But on the other hand, this is clearly a time in our Federal Government where every dollar counts, and you have millions of dollars, I would guess, in excess in this reserve fund. So I urge you to go forward to figure out both how to reduce the fees to the agencies so in turn that will reduce pressure to raise those dollars by taxes, but also to figure out, presumably with the Office of Management and Budget (OMB), how best to use the excess funds there now to help us in your own small way to get back toward balance.

My time is up. Senator Collins.

Senator COLLINS. Thank you, Mr. Chairman.

Mr. Tangherlini, I want to talk to you about the compensation for GSA employees and in particular about employee awards, incentives, and bonuses. The data that we have looked at surprise me. It told us that more than 40 percent of GSA employees received compensation in excess of \$100,000, that 14 GSA employees received compensation exceeding \$200,000, with a high of \$279,352.

Now, in some cases, this may be warranted. For example, a GSA procurement officer who is deployed to a war zone in Iraq or Afghanistan clearly gets additional funds, additional compensation. There did seem to be a pattern of extraordinary and uncontrolled overtime of employees working in one city but responsible for activities in another city and incurring incredible travel costs and per diem costs. And all of that is cause for concern to me and something I want to explore with you. But today, I want to talk to you specifically about some of the employee awards.

Now, it is my understanding that for fiscal year 2011, 159 GSA employees received multiple awards that totaled \$10,000 or more. Now, here is what is interesting about this. The Office of Personnel Management (OPM) has a process that says that each agency head may authorize payment of a cash award up to \$10,000. It then says that awards over \$10,000 are "quite rare" and that if an employee's performance is significant enough to warrant a cash award of over \$10,000, the agency must submit a request to OPM.

We went to OPM and we asked, did OPM receive any request from GSA to approve for any of these 159 employees the awards

that totaled \$10,000 or more, and the answer was that OPM did not.

When we further examined this, it looked like GSA circumvented the rules by giving multiple awards smaller than \$10,000 rather than one-time awards that were \$10,000 or more.

Do you believe that giving multiple awards that eventually total \$10,000 or more in the fiscal year circumvents the OPM approval process?

Mr. TANGHERLINI. I certainly do not believe it is in the spirit of what was intended by the OPM approval process. Now, I would want to point out, there is one exception, and it is a pretty significant one: SES performance awards in excess of \$10,000 do not require OPM approval. So putting aside that, which is a pretty sizable group of that number, but also another area that we have identified as being in need of some substantial review, and that is why we cut the SES bonus budget by 85 percent.

But in our top-to-bottom review, we also identified that there are 15 different award categories within GSA that people are eligible for, and because we did not have the clear transparency and accountability straight down to the field level in our Finance Office and our Human Capital Office, it was possible for people to get one of these awards at some level within the organization.

So I am not in any way going to try to explain or defend what happened before. I am going to say going forward that we are building systems and structures that will prevent that from happening, and we are cutting back the budgets because we are reminding folks that their salary compensation is really what is there to pay them for doing the work and that awards should really be reserved for very special and exemplary service, and it should be easily explained and completely justifiable.

Senator COLLINS. Well, you are correct that there is an exemption for SES, but I will tell you that our initial analysis is that these 159 employees are not just SES employees, and I think you would agree with that.

Mr. TANGHERLINI. I do.

Senator COLLINS. But let us go to an SES employee. How could the Region 8 Public Buildings Service Administrator receive a bonus of almost \$55,000, which appears to have been awarded for planning the Western Regions Conference? I mean, how could that happen?

Mr. TANGHERLINI. I do not know the specifics of that particular individual. I do know that there were a number of individuals who won the Presidential Rank Awards. That is a statutory award that requires third-party review of the submission, and those awards are quite substantial. They are from 20 to 35 percent of pay. So if you have an SES employee—the top end of the SES range is \$179,000—you can get to some pretty sizable awards if you win one of those very significant and special awards.

I think in the case of the individual you are speaking about, he won one of those Presidential Rank Awards, but I do not know or understand the justification of that particular one.

Senator COLLINS. And would it not trouble you that anyone who was involved in planning the Western Regions Conference that was

so extravagant and was such a waste of taxpayer dollars received any kind of bonus?

Mr. TANGHERLINI. Well, that is why we think we have to really take a good, hard look at the performance system within the organization and recognize one of the ways that we should judge performance is not just meeting numbers but also providing leadership and accountability. A step in that direction that we are taking is we want to institute a 360-degree review process for all leaders within the organization so that they can be assessed not simply by their superiors, but also by their peers and by their employees so that we can get a sense of where we need to develop further the leadership skills of our employees.

Senator COLLINS. I want to also point out that if a recommended award is in excess of \$25,000, which many of these awards that we have reviewed were, the Director of OPM reviews the nomination, and the President's approval is actually required.

Mr. TANGHERLINI. Right.

Senator COLLINS. My point is that it is not as if there are not systems in place to try to put a check on excessive awards to individuals who have not warranted that kind of recognition. But it sure looks to me like GSA ignored those checks and circumvented the safeguards in order to give extraordinary awards to many employees. And in many cases—not all, and I want to be clear on that—the awards do not seem to have been justified. Would you agree with that based on your review so far?

Mr. TANGHERLINI. Based on our review, I think our actions speak to our analysis, the fact that we cut the budget for these awards by 85 percent and said back to our folks that, listen, this is going to be something you get for really special, exemplary, extremely justifiable acts for which, frankly, the test is going to be, can I explain it at a Senate hearing.

Senator COLLINS. That is always a good test. Thank you, Mr. Chairman.

Chairman LIEBERMAN. Thanks, Senator Collins. Senator Johnson, good morning.

OPENING STATEMENT OF SENATOR JOHNSON

Senator JOHNSON. Good morning. Thank you, Mr. Chairman, and thank you for holding this hearing. I have always felt the best disinfectant is the light of day, and I would say having to explain in front of a Senate hearing is probably a pretty good benchmark.

Senator Collins, it is interesting. As I was looking through some of the briefing materials, the thing that jumped out at me was the drumsticks, close to \$30,000. Have you seen the video, by any chance?

Senator COLLINS. No.

Senator JOHNSON. I viewed that yesterday, and Inspector General, I appreciate the fact that your staff now has agreed to let us release that video because I think it is important. Although we are not talking billions of dollars here, I think those anecdotal examples of just outrageous spending by the Federal Government are extremely important. And it is important to note that this is not just one conference. The drumstick incident occurred at an awards ceremony in 2010 where \$30,000 was also spent on time/tempera-

ture picture frames that were apparently handed out to the participants. So, again, I appreciate that and look forward to that video being publicly released because I think the American people need to see that type of abuse.

Mr. Tangherlini, you have canceled 47 conferences. Can you tell me what the purposes of those conferences were and why they were ever scheduled in the first place?

Mr. TANGHERLINI. Well, that was part of the reason why we canceled them. Every conference now has to come through with an explanation. It has to detail what the benefit to the taxpayer is and the results we will get out of it. And in some cases, a valuable conference—the GovEnergy conference, there were just so many flaws in the way it was constructed that we referred it to the Inspector General for additional analysis. We had our legal team look at it. And while we thought that there was value to the conference, we did not think we could explain or justify the mechanism by which the conference was put together.

Other conferences, frankly, we just did not feel that there was sufficient justification for us to use taxpayer money to send people to them.

Senator JOHNSON. Can you describe what some of those things were about? Because my guess would be those have been going on for decades, and they are going on today in other agencies. So I just want to get an explanation of what some of these government conferences are all about.

Mr. TANGHERLINI. Well, I think the primary focus is to bring people together and to improve their training opportunities, to exchange ideas, to build connections and relations. And so there is nothing in principle wrong with a conference. The question is, are there other ways to do it? Are there other means of making those connections? Are there other events such as our annual Expo event where people could do it instead? And so that has really been our test, to really push back on the organization and say, listen, it is very important that we recognize the limitation we are facing with these resources, and it is important that we look at different ways for us to get whatever value they thought they were going to get out of that event.

Senator JOHNSON. Well, the conferences that you are going to allow to go forward, what are those about?

Mr. TANGHERLINI. Those are about training, and those are about connections between vendors, particularly small businesses and the agencies they serve. They are things like the Expo conference, during which we brought together thousands of vendors. We brought together thousands of government contracting officers. We provided hundreds of hours of training. We made sure, though, that when people got there, they recognized that they were going to a government training conference and it was going to look every bit the way that sounds, and that meant that it was going to be austere, it was going to be focused, and it was going to be mission oriented. And if people did not have business to do there, they needed to (a) not come or (b) leave once they were done.

Senator JOHNSON. Now, both you gentlemen have worked for other government departments, correct? I think you were with the

Department of Treasury, and you were with the Department of Justice.

Mr. MILLER. Yes.

Senator JOHNSON. Without ratting them out, but I guess I am asking you to rat them out, is it a similar type of process in terms of having 50–60 conferences a year? I will start with you, Mr. Tangherlini.

Mr. TANGHERLINI. Well, I came from the Treasury Department where I know that from the Secretary on down, we took very seriously our stewardship of taxpayer resources. So certainly in the 3 years I was there, I never saw anything like that.

Senator JOHNSON. Mr. Miller.

Mr. MILLER. Neither have I. I did not see that at the Department of Justice.

Senator JOHNSON. So GSA is the only one that is holding conferences? I mean, we are hearing about judicial conferences and—

Mr. MILLER. They would have conferences, usually training, and it would be at the National Advocacy Center in South Carolina. And they would train Assistant U.S. Attorneys and trial attorneys, those types of conferences, and they would have a heavy agenda of substantive training.

Senator JOHNSON. What would those conferences typically cost? Was a typical budget hundreds of thousands of dollars?

Mr. MILLER. I would doubt that very much.

Senator JOHNSON. Speaking of budgets, in my briefing materials, I have listed that GSA's budget is about a quarter of a billion dollars, which, unfortunately, in our government is a rounding error. That is not your full budget, though, correct?

Mr. TANGHERLINI. No.

Senator JOHNSON. What is the total amount flowing through GSA in terms of your fees?

Mr. TANGHERLINI. The best number to use for the GSA budget is about \$23 billion. There are about another \$40 billion, as the Chairman pointed out, that flow through our vehicles, but not directly through GSA.

Senator JOHNSON. As a business person, when you see some department that is really out of control, you either eliminate it or you drastically cut its budget. I am highly skeptical, when you see the comments going back decades about how out of control this agency has been, that we are going to be able, as phenomenal as you may be in terms of managerial abilities, to get this under control. I really do believe in many cases these agencies just have to be cut. What percent cut in terms of the budget could the GSA live with? And would that not be really the best way to force efficiencies?

Mr. TANGHERLINI. Well, I would be concerned about doing any kind of across-the-board cut. I think the really important thing is to look at the mission that the GSA supports.

Senator JOHNSON. But have not people been doing that for decades and simply not been able to get control over it?

Mr. TANGHERLINI. Well, I think part of the concern is, for instance, on the Federal facilities side, we need to make sure that we are not cutting the budget so badly that we cannot take care of the facilities. The big issue here is: Are we applying the resources that

we have been given in the way that they are meant to be applied? Are we applying them to repairing buildings? Are we applying them to providing the most efficient acquisition services? And I think that is what makes people really upset, is if you have \$800,000 spent on a conference that could have gone into building a better heating or ventilation system for a building that saved taxpayer money by reducing energy, that is incredibly unfortunate, and that is where it is abusive.

Senator JOHNSON. Just quickly on another subject, I just want to get your response. I sent a letter on April 30, 2012, about the U.S. Green Building Council's Leadership in Energy and Environmental Design program.

Mr. TANGHERLINI. Right.

Senator JOHNSON. The 2012 program is a pretty drastic departure. I am highly concerned about products not being able to be utilized in government buildings anymore that will cost jobs. Are you working actively on that? Are we going to put a stop to utilization of that, or are we going to start costing jobs?

Mr. TANGHERLINI. We are looking at those standards, and we want to make sure that there is a fair, open process for those standards. I do not know where we are in responding yet to the rulemaking, so I want to be careful that I do not upset that very complicated legal process. But I will say that we have heard many of those concerns and others, and we are trying to reflect them in the way we handle that going forward.

Senator JOHNSON. I will enter this letter in the record,¹ and I would really like to work with your staff to get some answers on where we are in moving on that process. Thank you, Mr. Chairman.

Chairman LIEBERMAN. Thanks very much, Senator Johnson.
Senator McCaskill, thanks for being here. Good morning.

OPENING STATEMENT OF SENATOR MCCASKILL

Senator MCCASKILL. Good morning. It is good to be here this morning, and I want to start first with Mr. Miller.

Mr. Miller, I have a very vivid memory of the two of us sitting in an office in the GSA building in Kansas City going over one of your audits, and I remember as a former auditor, you said some things to me in that meeting that went in my hard drive, and this was way back before the conference ever saw the light of day in Las Vegas. This was all about what I found in terms of a public relations contract that had been given out in Kansas City without a bid that seemed to be terribly wasteful and, frankly, without much in the way of results. And I remember you communicating to me in that meeting that you as a wizened auditor in government were surprised and, frankly, deeply concerned over some of the responses you had received to some of your audit findings. And that is when I began to realize that there was a really rotten problem at the very top of GSA.

I also have a vivid recollection of talking to the head of the Public Buildings Service on my cell phone—I even remember where I was standing—when I was complaining to him that he was not tak-

¹The letter submitted by Senator Johnson appears in the Appendix on page 70.

ing aggressive action against the woman who had misled this Committee at a hearing about that contract and that you had documented that she had misled this Committee.

Mr. MILLER. Yes.

Senator McCASKILL. And I remember talking to him and saying, "What are you going to do?" And he basically said, "Nobody reads that stuff." And that was the moment when I understood how big a problem we had at GSA because he was just dismissing the IG's findings. And then I found out later they had given her a bonus. She had made a huge mistake in judgment. She had violated procurement. She was a regional boss, and she had misled this Committee, and you had documented that. And they gave her a bonus.

So I just want to compliment you for your doggedness. I want to compliment you for what you do. I am hopeful that we can get our GAO Improvement Act passed. It is being held right now. It is on the floor but being held, and we are going to try to call out the secret holds because the more we empower the auditors, the more we make sure that you are doing your job, the more likely it is that we are going to be able to clean up messes like this.

Now, Mr. Tangherlini, I think you are trying very hard. I have great respect for the bold moves you have made. And if anybody does not think what you have done is bold, they do not understand SES. They do not understand the SES service in the Federal Government if they do not understand that when you cut the bonus budget by 85 percent, that is an earthquake in SES world. There are a lot of nodding heads in the room because a lot of people in this room understand the calcified power of SES in the Federal Government. And that is one of the questions I want to ask you about. And I know there are arguments on both sides, but in a very tricky move between the transitions of Administrations, the SES and GSA basically took the political appointments from these different areas in the country and removed all of their power. When no one was watching between the Bush Administration and the Clinton Administration, they took the regional political appointments that are the eyes and ears of Congress into this agency, and they basically put them out to pasture and took away all of their power.

Nobody ever said anything. No one ever realized this happened until all of a sudden, when the new people were put in place, they found they had an office with nobody reporting to them, they had no authority to do anything, so this woman in GSA in Kansas City basically did not have to listen to the Regional Administrators that had been appointed through the political process whatsoever. No power.

So is that a good idea? And why did no one ever say anything about that? Because all it did was, in fact, muscle up the calcified middle management of this agency at the expense of congressional oversight.

Mr. TANGHERLINI. I will take the first stab at it. I actually agree with you that there were substantial problems with the way that those organizational changes have been made, and that is why I have done everything I can to reverse them and clarify the role of the Regional Administrator. Some of those changes are going to require some additional work on what is the long-term role of the Re-

gional Administrator, how does the region fit within the organization. Those are bigger questions. But in the meantime, I do not want Regional Administrators out there who feel that they are not empowered to call out waste or abuse or concerns and say that they do not have power to resolve them.

And so we have done a couple of things. We have given them the head of contracting authority so that they are the ones who get to determine whether things can be bought. They work closely with our Senior Procurement Executive to determine who has warrants and, frankly, who does not have them anymore to obligate the Federal Government. We have a weekly phone call with the Regional Administrators and with our Deputy Administrator. If there is any concern, if there is any problem, if someone is not listening to them, I have told them that if they cannot resolve it, bring it to the Deputy Administrator, bring it to me, call me, or email me. Because if someone does not think that they report to the Regional Administrator, I certainly hope they do not think they do not report to me. And so that is what we have been doing to try to make sure that we have clarity of role and responsibility in the organization.

Senator MCCASKILL. Well, you understand when the Regional Administrator in Kansas City tried to impact this situation, he was called to Washington and asked to sign a loyalty oath, which was, frankly, shocking to me that would occur. He was trying to point out some of the problems, and he was called on the carpet. And I then began a mission to see if we could rattle the very top cages in GSA. I am glad that Las Vegas came along because that toppled the entire structure, which needed to go. And as time went on and I became more and more familiar with some of the decisions that were being made, I was more and more surprised at some of the judgment calls that were being made.

Inspector General, do you have any comments on this calcification in middle management at GSA that really began to pull the curtains on aggressive oversight by removing the power of the Regional Administrators to have any kind of supervisory authority whatsoever?

Mr. MILLER. Well, Senator, I think we found two data points: One with Kansas City where there was an out-of-control regional commissioner and many problems that you uncovered in your hearings; and another data point obviously is the Western Regions Conference, where we had a regional commissioner, again, who was out of control so that structure was not working.

Ultimately, how an agency organizes itself and how it chooses to manage itself is an agency function, and it is not really the job of the Inspector General to tell them how to organize themselves. I feel like it is a bit out of my lane.

Senator MCCASKILL. Well, I just want the Chairman to know that this happened, and it was almost as if they waited in the confusion of the transfer of Administrations, knowing that no one was going to be paying close attention, and they moved quickly and cleanly to change the supervisory authority of the appointments in which Congress has a role. And I think the reason Congress has a role in those appointments is that it augments and enhances the oversight capacity of Congress. And so far, I will tell you, I am a

big fan of the Acting Commissioner. I think he has taken really aggressive steps that are hard to do in government to clean up this mess, and I do not think we can keep flaying the horse when the horse is trying very hard to clean up everything. But I do think it is something that we ought to take a look at as to exactly when and how this happened because I think it is really problematic that they had enough nerve to do this when no one was looking.

Chairman LIEBERMAN. Thanks, Senator McCaskill. I agree with you, and we will take a further look at it. Thanks for bringing that to light.

I have a few more questions so we will go to another round. I wanted to talk with you about purchase card abuse. A longstanding concern of our Committee has been whether agencies generally exercise proper controls over purchase cards, which are government charge cards given to employees for making small procurements.

Overall, it needs to be said, use of these purchase cards saves the government money because it helps eliminate paperwork. The numbers are really remarkable, and again, it shows how large the Federal Government has become. Federal employees spend over \$30 billion annually using these purchase cards, and this generates, it is a pleasure to say, approximately \$2 billion in rebates to agencies from the credit card companies. But obviously, we have to guard against abuses by those who use the charge cards for illegal or fraudulent purposes.

I will add here, shamelessly but I think constructively, that it is my strong hope that before Congress adjourns this session that we give final passage to a bill sponsored by Senators Collins, Grassley, and me, which is S. 300, to require agencies to adopt better internal controls over the purchase cards.

GSA, as you well know, Mr. Tangherlini, is the agency that negotiates the contracts with the major credit card companies for the charge cards that Federal employees use. So, obviously, we would hope that GSA would see itself as having a special responsibility for being a good steward of charge cards, and that is why it added insult to injury when we learned that in Region 9, Jeff Neely's deputy was arrested in 2010 and pleaded guilty for embezzling taxpayer money for personal use on items such as luxury hotels, meals, and spa treatments.

One of the things that was interesting to me that I learned in your responses to the questions that Senator Collins and I posed in our letters was that there have been very few disciplinary actions at GSA for purchase card abuse in the last 5 years—only one action in 2007, one in 2008, and none at all for years 2009 through 2011. Now, maybe that is because there is no purchase card abuse. On the other hand, when we see some of the other irresponsible behavior, you have to wonder. And I, therefore, wanted to ask you, going forward, are you either looking into whether there have been abuses that should have led to disciplinary action or are you taking proactive steps now to make sure that there are no, to the best of your ability, abuses of the use of these purchase cards?

Mr. TANGHERLINI. Well, the answer to both questions is yes. On the retrospective work, we will work closely with the Inspector General as we go through and look at particularly these conferences and other spending, and spending in areas where we saw

a pattern of abuse, and go and reconcile a past purchase card or travel card to see if we can find anything there.

But going forward, I think it is important that we create the same kind of systems and oversight that make it impossible for people to hide behind the organizational complexity and raises our visibility into how people are spending taxpayer money within GSA. So we are doing a couple of things.

One, we have reduced the number of purchase cards within the organization by nearly 15 percent with just simply taking back a bunch of the cards.

The other thing we are going to do starting in the next fiscal year is we are going to buy a set of analytical tools so that we can really look at the purchase card volume through GSA and try to find patterns and try to discern information. This is something that the purchase card companies provide as an extra service, and we are going to avail ourselves to it so we get better data, more transparency, more visibility, so we can actually see what is going on in the field.

Chairman LIEBERMAN. I appreciate that.

Mr. Miller, do you want to comment on the use of purchase cards in the agency?

Mr. MILLER. Yes. We have ongoing reviews of purchase cards, and since 2009, we have recovered \$1.9 million in purchase card cases. I highlighted that in my opening statement. We continue to analyze them. Our Office of Forensic Auditing analyzes the data and makes referrals to our Office of Investigations, and we currently have criminal investigations going regarding abuse of purchase cards.

Chairman LIEBERMAN. That is important. So it does not really seem accurate or adequate that there were only two disciplinary actions in the last 5 years at the agency for improper use of purchase cards. Do you agree?

Mr. MILLER. I cannot dispute that figure. I do not have information about disciplinary actions taken against holders of purchase cards. I do note in one case that is ongoing, the purchase card authority was reduced.

Chairman LIEBERMAN. Yes.

Mr. MILLER. So that did occur. Now, of course, a criminal prosecution is not a disciplinary action. That is a criminal prosecution. The person is usually fired as a result.

Chairman LIEBERMAN. Right. Is that one going on now?

Mr. MILLER. Criminal investigation?

Chairman LIEBERMAN. Yes.

Mr. MILLER. I believe we have more than one.

Chairman LIEBERMAN. Yes. And outside the Western Region.

Mr. MILLER. Yes, at least one of them is outside. We have others going, too.

Chairman LIEBERMAN. OK.

Mr. MILLER. Yes, they are all outside of Western Region, but we also have criminal investigations in Region 9 as well.

Chairman LIEBERMAN. Right. Well, that is important and certainly says, Administrator Tangherlini, that what you are doing to try to curb the possibility of purchase card fraud by employees of GSA is totally justified. So I thank you for that.

I want to just pick up on a couple of the questions that Senator McCaskill was asking about the GSA regions because obviously we have talked a lot about how important it is to get the regions under control from the central or headquarters operation. But I think there are other questions to ask about the regions as well, and I will start with you with a broader question, Mr. Tangherlini. GSA now has 11 regions—the National Capital Region office and 10 other offices—and I wanted to ask you whether you have thought about the baseline question of whether this is too many regions, whether GSA really needs that many regions.

Mr. TANGHERLINI. Actually, that has been the first question we asked in each one of the top-to-bottom discussions we had with each of the regions. And by the 11th time I asked the question, I will point out, they got much better at answering it. But the fact is that what we do has such a retail component to it, if you will. We actually manage over 9,000, close to 10,000 individual facilities, and those facilities, leased or government-owned, have specific local needs, and they have specific local requirements. We do contracting work with agencies that are spread throughout the entire country, and so there are specific needs that those agencies have.

The big question we have to ask ourselves, though, is: How do we structure those regions? And do we need redundant and duplicative systems in those regions? And how do we overcome some of the challenges that have faced the organization since that piece in 1955, the ability to have transparency and visibility into what is happening at the local level and making sure that there is consistency in the way the services are delivered?

One of the things that was very striking to me and really supported our decision to move forward with consolidating our IT function is that we have 11 different building management systems. Each region has its own IT system for managing building operations.

Chairman LIEBERMAN. Right.

Mr. TANGHERLINI. And buildings, yes, they are different, each one is different, but there is not that kind of variation. And so as a result, we do not have as much visibility into the way these buildings are operated, the expenditures. We make Mr. Miller and his team's job even harder. And as a result, we do not have the best control, management, and oversight of our resources.

So we need to untangle that web of reporting of transparency, and then I think we have to ask ourselves the bigger question, the question that has not really been asked since we were founded in the late 1940s, early 1950s: What is the best way for us to cover the map, if you will, and deliver services?

Chairman LIEBERMAN. So your answer today is that you are considering the question of whether the 11 regions are appropriate or too many?

Mr. TANGHERLINI. I think that is fair to say, that is a broader discussion that we want to have as part of the budget process. We want to continue to have it within the organization. In the meanwhile, though, that is not a reason for us not to make sure that the Regional Administrators do not have the power, the resources, and the accountability they need to oversee those functions. It is a big country, lots of buildings, lots of transactions, so we are going

to need some regional infrastructure. What does it look like? How does it work? I think it is reasonable for us to keep asking those questions.

Chairman LIEBERMAN. I would just ask for Senator Collins' patience for one more question on this subject, which Senator McCaskill touched on in a way, too. Do you think we need a political appointee over each region, or should this rather be a civil service person?

Mr. MILLER. Mr. Chairman, that is, I think, really out of my lane to opine on that. Obviously, there is a sense in which the Regional Administrators are the eyes and ears of the Senate because they have a great deal of input into the political appointments.

On the other hand, I have always been a career employee, so I have a great deal of faith in career employees, too.

It really is not up to me to make this sort of a call. I have seen abuses each way.

Chairman LIEBERMAN. Sure. Mr. Tangherlini, do you want to step into that thicket?

Mr. TANGHERLINI. I was actually hoping he would answer for me. [Laughter.]

But since he did not, I have to keep going with it, I guess. I think that is also one of those baseline questions we have to ask ourselves. So how do we structure ourselves, and then how do we make sure that we have the right level of accountability within the organization? You heard Senator McCaskill make a very good point about the need to make sure that we do not install a group of folks who sit there for so long that they do not feel that they need to report to anyone.

That having been said, it is hard on a continual political replacement cycle to find that many high-quality people to consistently do those jobs.

Chairman LIEBERMAN. Exactly.

Mr. TANGHERLINI. That is the balance we have to strike. We have the budget process. We have started this review. These questions are being asked. We do have a constitutional event happening in November that will allow us then to rejigger, term to term or Administration to Administration, and so I think it is the right time to be asking those questions.

Chairman LIEBERMAN. Very good. Thank you. Senator Collins.

Senator COLLINS. Thank you, Mr. Chairman. I am going to pick up where you left off because Mr. Tangherlini and I had the same discussion when we were talking on the phone.

I think this is a difficult issue. How do you ensure accountability and appropriate authority and in whom should it be vested? I served as a Regional Administrator of the Small Business Administration for New England in the final year of the first President Bush's Administration. I loved the job. I felt we made a real difference at a time when New England was going through a lot of bank failures. But I also heard from the employees, with whom I was privileged to work, about previous Regional Administrators in some previous Administrations who, how shall I say it, did not take the job as diligently as I did.

So I think this is a difficult call because these are short-term political appointees. Some of them are terrific, believe in public serv-

ice, are excellent managers, and have terrific skills. Some of them, frankly, are being rewarded for helping the President be elected, and they may not have the skills that are necessary.

I do not know the answer to this question. I truly do not. And I think it is something we need to talk more about. Clearly, there is an absence of authority and accountability, and that must be solved. But I do not know how we solve it because it depends so much on the person who is appointed.

Mr. TANGHERLINI. So I feel the need to put in a plug for the Regional Administrators we have. We have a great team. They are committed, they are engaged, and they are involved.

I think one of the big problems that has not been resolved since that *Fortune* article from 1955, which I also read and was amused to see how many similarities there were, is that we really have not built the strong accountability and transparency systems, the real visibility down to the field level of work. And so what happens is we have kind of bureaucratic cloud cover that prevents us from really seeing what is going on in those organizations, and because we do not have the commonality of the systems, it is very hard for us to compare the data.

The Chairman pointed out the fact that we simply could not say how much we had spent on conferences because we did not collect the data in that way and we did not have a central repository for recording that kind of expenditure. We need to have that, and that is what we think will help us maybe solve some of the problems that we had not been able to solve up to this point.

Senator COLLINS. Staying with the theme of accountability, Mr. Miller, you mentioned the recoveries for improper use of purchase cards, and I think you said that there have been recoveries of \$1.9 million, which is a considerable amount. Is there an effort underway to get costs recovered from the improper expenditures related to the private parties at the Western Regions Conference that were charged to the taxpayer? I understand there was a \$120 birthday cake, that an employee's spouse allegedly impersonated a GSA employee in order to get into certain events, that per diem meal charges were submitted even though meals were provided as part of the conference. Is there an effort to recover those costs?

Mr. MILLER. That was one of the first conversations I had with Mr. Tangherlini, and I will let him tell you how he has actually submitted bills to these employees.

Mr. TANGHERLINI. With the assistance of the Inspector General and his team helping us review the expenditures, we actually have submitted bills to a number of the employees. We have received reimbursement from a number of employees who were involved in some of those questionable activities. We have withheld final payments of severance or other benefits for some of the employees who are no longer with GSA. And in one case, we received reimbursement from a contractor that had provided ineligible expenses on their voucher to us.

So working very closely with the Inspector General, I will commit to you, if there is a dollar we can get back, I am going to try to get it.

Senator COLLINS. I am glad to hear that. That is part of accountability, and it also serves as deterrence. And it does not substitute

for disciplinary action that should be taken, but it should be part of the attempts to make the taxpayers whole, and I am pleased that you are being aggressive on that.

I also want to follow up on the Chairman's questions about purchase cards. You mentioned that you had reduced the number of people who had access to purchase cards, and I think that is a step in the right direction. I am wondering if you have also considered putting a limit on how much can be charged to a purchase card. For example, our investigation revealed that an employee used a single purchase card for purchases totaling over \$1 million during a 7-month period, and some purchases were from a vendor that was paid \$104,000 when the purchase orders appeared to only authorize \$55,000.

But this raises a bigger issue in my mind, and that is, do we really want a single employee to be able to charge in excess of \$1 million over just 7 months?

Mr. TANGHERLINI. Well, I think the question is, what kind of controls are in place and what kind of additional authorizations are required. If the employee is a buyer and is using the purchase card for how it is set up to be used, as the Chairman pointed out, to save considerably on the amount of paperwork and the amount of back-shop work, you could have a position where it is perfectly reasonable or fine for someone to spend that kind of money. Is there appropriate oversight? Are there controls? Are other people signing off? Or do they have the singular ability to spend that kind of money? If it is the latter, that is deeply concerning.

Senator COLLINS. And I would mention that many of the purchases were related to that 1-day Federal Acquisition Service awards ceremony that has been so troubling to us as well.

Mr. TANGHERLINI. I would just like to add that it was actually our review, working with the Inspector General and at the request of Congress, of prior conferences that led me to refer that particular conference to the Inspector General because we saw enough problems with it that we really wanted their additional insight into whether there was something more than just problematic, something more than just inappropriate about it, whether there was anything actually illegal.

Senator COLLINS. I have a final question for Mr. Miller. I worked on Capitol Hill when the Competition in Contracting Act was passed, and as I read through the materials, I saw a notable disregard for the requirements to seek out competition in the award of Federal contracts by GSA in order to ensure that we are getting the lowest price at the best quality.

This to me is extraordinary because GSA is supposed to set the standard. GSA, as you have said, is supposed to be the model. I believe the contract to the resort at which the infamous conference was held was a sole-source contract, despite the fact that there were clearly many hotels that would have been happy to bid on that conference.

Could you talk to us a bit about the violations of the competition requirement that you found so far as parts of your audits?

Mr. MILLER. Senator, you are exactly right. There are many violations, unfortunately, of the Competition in Contracting Act. We have uncovered a number of those violations in connection with Re-

covery Act projects, and I have testified on those violations in other committees. We have submitted a proposal that would require GSA to report a violation of the Competition in Contracting Act to their oversight committees, much like the Anti-Deficiency Act, because currently we identify the violations but there is no remedy. And so we do have plenty of audits that have that as a finding, that they did not have adequate competition, they violated the act, and unfortunately, it is not isolated. It occurs a lot.

Senator COLLINS. Thank you. In many ways, those are the hidden costs.

Mr. MILLER. Yes.

Senator COLLINS. Because we do not know how much would have been saved if the service or good had been put out to a bid. And we will probably never know how much additional lost taxpayer money was involved. So I do think that is important, and I like your suggestion of the report to Congress. That is something I think we will follow up on with you.

Thank you both for your testimony. Again, I want to thank you both for taking on this task in such a serious manner. We do have to get this straightened out. There is nothing that erodes the confidence of taxpayers more than reading of these scandalous examples of wasted dollars at a time when the public is struggling to put food on the table. Thank you.

Chairman LIEBERMAN. Thanks, Senator Collins. Obviously, I could not agree with you more, and Mr. Miller, I thank you for being a real steward of public trust and by your work, in some sense, making the public angry, but also putting the agency under pressure to get better.

Human nature being what it is, probably at this time the prospect of a repeat of the outrageous behavior at the Las Vegas conference and the other things that were happening in Western Region 9 are slight. In other words, people understand that GSA is under the klieg lights now. But what I appreciate that both of you are doing, and I thank you particularly as Acting Administrator, Mr. Tangherlini, is that this is the moment to try to put into place systems that will stop a repetition of the infuriating behavior of GSA employees when the memory of what happened in Western Region 9 is gone, which is another part, unfortunately, of human nature and history in organizations that repeats itself. So I think you are well on the way to doing that. It does require constant oversight and strong leadership—strong leadership in the agency and constant oversight by Congress. And certainly I know this Committee will continue to do that.

The record of this hearing will remain open for 15 days for additional questions and statements by yourself and others, if you would like. With that, I thank you again very much and adjourn the hearing.

Mr. TANGHERLINI. Thank you.

Mr. MILLER. Thank you.

[Whereupon, at 11:38 a.m., the Committee was adjourned.]

A P P E N D I X

**Moving from Scandal to Strategy:
The Future of the General Services Administration
Senate Homeland Security and Governmental Affairs Committee
Chairman Joe Lieberman
September 12, 2012**

Good morning and welcome to our hearing today on how the General Services Administration is doing to move beyond the scandals that have recently dominated its activities and its public image and get back to saving the taxpayers significant sums of money through the efficient acquisition of goods and services and smart management of government property.

The agency's mission has been sadly compromised these past six months by scandals that have occupied the time and energy of top GSA officials. Administrator Martha Johnson stepped down in April after the Inspector General reported outrageous spending on a GSA Western Regions conference that cost over \$800,000.

Her replacement, Acting Administrator Daniel Tangherlini is with us today to discuss what he has done since then and where the agency goes from here. I've been impressed by your efforts, Mr. Tangherlini, to curb irresponsible spending and to conduct a top-to-bottom review of GSA policies and operations to determine if there are other areas where the agency has been a careless steward of taxpayer dollars.

The Committee's interest in this subject is based on our jurisdiction over government operations generally and the General Services Administration specifically. To most Americans, the General Services Administration is probably unknown, or just another obscure federal agency. But its purpose could not be more important to the way the federal government spends taxpayer dollars.

It has an interesting history. In 1947, Congress established the Commission on Organization of the Executive Branch of the Government to recommend ways to streamline the government while spending – quote - “the lowest amount consistent with the efficient performance of essential services.” End quote.

The Commission recommended creation of a separate agency to purchase goods and services and maintain public property across the government as a way to eliminate duplication, streamline operations, limit government spending, and help other agencies be more efficient.

In its final report, the Commission stated, and I quote: “To the general public, the ‘housekeeping activities’...are little-known, but unless they are properly administered, the executive branch cannot be effectively managed.” End of quote.

The words of the Commission ring as true today as they did in 1947, in some ways even more loudly because of the period of economic stress we’ve been in and the enormous debt...when we are obligated to do more with less. GSA has an enormous portfolio: it negotiates contracts worth more than \$40 billion a year; manages \$500 billion in assets, mostly real estate; and owns or leases 9,600 buildings around the country. That’s a big operation.

The agency is critical to the maintenance, for instance, of our courthouses, ports of entry, and Social Security offices. It makes sure that federal workers have what they need to perform their jobs, from office supplies to IT services. It takes care of those “housekeeping” matters so that the agencies of the federal government can focus exclusively on their missions. And it leverages the purchasing power of the entire federal government to get the best deal for the taxpayer.

We know that most GSA employees go to work every day with one overriding goal and that is to serve their country, not themselves. But that was not the case for some GSA employees. Eight trips by GSA employees to plan for a Las Vegas conference and awards ceremony, all of which cost the taxpayers \$822,000. Conference organizers spent over \$146,000 on food, \$75,000 for a “team-building exercise” that involved building bicycles, thousands of dollars more on after-hours parties, and over \$6,000 for commemorative coins. You’ve heard that litany before, but it bears repeating.

Unfortunately, the Las Vegas conference was not an isolated instance of bad judgment. The evidence we’ve collected reveals a culture of abuse in GSA’s Region 9, where we’ve learned of extravagant travel, misuse of

government purchase cards, and a poorly-run awards program that allowed employees to treat themselves to iPods and DVD players.

We found questionable bonuses awarded throughout the agency; thousands of dollars spent on cooking classes for employees in the Kansas City region, and a \$270,000 award ceremony where taxpayers paid for GSA employees to beat on drums. In many ways, GSA has become an agency out of control.

Acting Administrator Tangherlini has shown he understands this and agrees by instituting new procedures for the approval of conferences and travel and cancelling 47 questionable conferences. These changes alone have saved the taxpayer over \$11 million. He also has strengthened the Chief Financial Officer's authority over GSA's regional offices and has cut 85% of senior executive bonuses.

Today, Mr. Tangherlini will report on his comprehensive review of GSA to get the agency back on track to fulfill its core mission. GSA Inspector General Brian Miller is also here with us today. He is a real hero in this story. His work helped uncover the flagrant and inexcusable spending by some GSA employees, and today he will help us understand how these scandals fit into the agency's overarching management problems.

Every day that our Committee spends looking at conference and travel costs of GSA employees is a day NOT devoted to the oversight of GSA's programmatic activities. First and foremost, we need to make sure agencies use GSA. It's a pretty simple concept: We save money when we buy in bulk. Billions of dollars in potential savings can be made applying this concept, which is frequently referred to as "strategic sourcing." GAO is finalizing a report for our Committee on this very subject, so we will have more to say on that topic soon. But there are plenty of other issues that need our continued attention. For example:

- We've been looking at the Integrated Acquisition Environment, which is an effort to merge nine different procurement data systems used by government contracting officers, contractors, and the general public. This program is off to an extremely rocky start, and according to GAO, costs have already increased by \$85 million.

- We've also been looking at the fees GSA collects from agencies for use of its contract schedules – which have routinely exceeded \$250 million annually in recent years. We need to know whether those fees can be lowered to help agencies save money.
- We are examining why agencies were slow to transition to GSA's suite of telecommunications contracts, known as the Networx program, which have a collective value of about \$62 billion. We need to make sure GSA documents the lessons learned, because it's already time for the agency to start planning for the next generation of telecomm contracts.
- The committee has also been following GSA's leading role in implementing the federal government's move towards cloud technology and its collaboration with other agencies to ensure the cloud systems are secure.
- The Committee has also been long concerned with the federal government's management of its real property. This task has been on GAO's high risk list for years. Other agencies often turn to GSA for help disposing of underused or surplus property, which is costing the taxpayers over \$1 billion a year.

Bottom line: We must go forward together – the GSA, Congress, and the Administration – to ensure spending abuses like those uncovered at the agency are not repeated and to help GSA return to the fundamentals of helping our government do more with less. I hope our hearing today helps to keep that process in motion.

Statement of Senator Susan M. Collins

"Moving from Scandal to Strategy: The Future of the General Services Administration"

Committee on Homeland Security and Governmental Affairs
September 12, 2012

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Mr. Chairman, thank you for holding this oversight hearing on the General Services Administration (GSA), the agency that is the landlord for federal agencies and is supposed to be the federal government's leader in procurement and administrative services. Let me share with you the following excerpt from a Fortune Magazine article that describes some of the problems at GSA:

"The new Administrator claims there have been improvements in GSA.... GSA is, nevertheless, the most durable mess in Washington.... The story involves great U.S. corporations and marginal operators... Chicago politicians; Washington influence-peddlers and fixers..., and, above all, timeserving bureaucrats who are ... just job holders, glowing with contempt for the U.S. taxpayer. Happily, the cast also includes some honest, capable, GSA employees ... harried, half underground, and hoping for better days."

I, too, am hoping for better days, but my hope is tempered by the fact that these words were written in 1955, yet here we are again....

In April of this year, we learned about the inexcusable waste of taxpayer money at the 2010 Western Regions Conference - where GSA employees spent more than \$800,000 for a Las Vegas conference and eight off-site planning meetings in advance of the real meeting.

The Inspector General has found that GSA violated numerous contracting regulations and policies, including the Federal Travel Regulation, in connection with this conference. The IG also said this situation raises "special concern" because GSA - as the federal government's manager of acquisition policies - should be a "model" in contracting and managing travel and conference planning. He has underscored that "the absence of Agency financial control and top-down accountability allowed the 2010 [Las Vegas conference] expenditures to occur unchecked."

But that's not all. Since then, our Committee has uncovered:

- A 2012 leadership conference in Napa Valley costing \$40,000 *before* accounting for travel costs;

- \$300,000 in relocation compensation for an employee who left the agency after one year;
- Five- to six-day trips to Hawaii for a one-hour ribbon cutting ceremony; and,
- Questionable monetary awards and bonuses for some of the very people involved in the conference.

GSA employees knew this was wrong. One admitted to the IG, "I never tell my friends what I spend...because they're all out of work...and they would say are you kidding me?" Undoubtedly, that is the reaction of taxpayers footing the bill.

All this tells me that there isn't just an inexcusable lack of financial controls at GSA. There is also a culture problem.

After the Las Vegas conference scandal broke, some tried to claim that the problem was isolated to the Western Regions or even only Region 9 based in San Francisco. But additional facts suggest otherwise.

We have read press reports about GSA spending \$20,000 for cooking classes for employees in Kansas City for teambuilding exercises. GSA also threw a one-day award celebration in November 2010 at a cost of nearly \$269,000. At this event, GSA employees received drumsticks so that they could all drum together. The cost of this drumming exercise with each employee having their own GSA-purchased drumsticks? Almost \$30,000.

In light of these continuing revelations, this Committee has sought explanations from the IG, the Acting Administrator, and all 11 Regional Administrators. Their responses highlighted the importance of the Top-to-Bottom review undertaken by the new Administrator, and the urgent need to implement organizational change and improve accountability.

The Regional Administrators were not able to answer basic questions about budgets and spending in their own regions. They reported that, the Public Building Service and the Federal Acquisition Service "operate with separate budgets and with separate reporting structures." In fact, no one at the agency has been able to provide detailed information on conference spending and related contracts within the regions, because there was no system to track such basic information.

Consequently, the top leadership in each region had little to no authority over the regional activities and spending of PBS and FAS. This convoluted configuration makes no sense and does not promote accountability - and is likely a key reason for the excessive spending at the Las Vegas conference.

GSA also has an extremely generous award policy that appears to have little correlation with excellent performance by recipients. For example, we have learned that 50 people involved in planning the Las Vegas conference

received awards totaling \$35,500. And what was the outstanding performance for which these employees were being rewarded? For most, it was solely their role in planning for that conference.

An employee who led the Las Vegas conference planning received an award of \$16,500 - and this award was given even *after* GSA leadership was informed of the IG's initial findings related to the scandal. Other executives involved in the conference received similarly generous awards ranging from \$15,800 to a head-shaking total of \$54,640. This was not just related to officials who planned the WRC. One FAS executive received awards totaling \$79,000!

This is outrageous and particularly so in the midst of a bad economy and high unemployment. I appreciate that the Acting Administrator recognized this problem during the course of the Top-to-Bottom review - finding there are "clear deficiencies in the area of performance awards" - and has frozen awards pending further review.

The Top-to-Bottom Review must result in lasting reform. Not one more dollar at this agency can afford to be wasted. The time for patiently hoping for better days is over. I am encouraged by Acting Administrator Tangherlini's actions so far, but aggressive congressional oversight must continue - because, to quote from that 1955 article, GSA seems to be "the most durable mess in Washington."

“The new Administrator claims there have been improvements in GSA.... GSA is, nevertheless, the most durable mess in Washington.... The story involves great U.S. corporations and marginal operators... Chicago politicians; Washington influence-peddlers and fixers..., and, above all, timeserving bureaucrats who are neither Republicans nor Democrats, nor yet honest mavericks, but just job holders, glowing with contempt for the U.S. taxpayer. Happily, the cast also includes some honest, capable, GSA employees ... harried, half underground, and hoping for better days.”

Fortune Magazine, 1955

“I never tell my friends what I spend...because they’re all out of work...and they would say are you kidding me?”

--Former GSA Employee in Interview with Inspector General



“I never tell my friends what I spend....because they’re all out of work....and they would say are you kidding me?”

**-- Former GSA Employee in
Interview with Inspector General**



U.S. General Services
Administration

Daniel Tangherlini
Acting Administrator

Committee on Homeland Security &
Governmental Affairs
"Moving from Scandal to Strategy"
September 12, 2012

Good morning Chairman Lieberman, Ranking Member Collins, and Members of the Committee. This past April the President asked me to step in as head of an agency rocked by the results of an IG investigation into a GSA conference held in 2010 known as the Western Regions Conference. In the immediate aftermath, I instituted a series of swift reforms to ensure this type of event could not happen again by centralizing the review of proposed conferences and cutting back on employee travel. Already, that has saved more than \$11 million in taxpayer dollars. We also took immediate action against the officials responsible for these events.

I assembled a team and have spent the past five months conducting a Top to Bottom review of this agency to look at what reforms are needed to both address the root causes of the Western Regions Conference and to improve GSA's operations moving forward. We looked at every aspect of the agency's internal operations and spending practices, as well as assessed the agency's effectiveness in fulfilling its mission.

As a result of this review, we have implemented a number of reforms to prevent waste of taxpayer dollars, increase accountability and make GSA a more efficient organization. We have also implemented a number of cost savings measures. As we plan for Fiscal Year 2014 and beyond, we will be using the data from the Top to Bottom Review to identify additional reforms that will provide increased transparency into the agency's operations, reduce costs, and increase efficiency. These reforms will require the support of Congress, other Federal agencies, GSA's own employees, and the public.

Top to Bottom Review –

In April, I ordered a Top to Bottom Review of GSA, covering the agency's internal operations, the agency's spending practices, and the agency's effectiveness in carrying out its mission. I want to express my appreciation to this Committee for its oversight, which brought to light many issues that we have looked into as part of our Top to Bottom Review. I also would like to thank our Inspector General, Brian Miller, for his contributions and for offering several recommendations for reforms.

The Top to Bottom review was led by a small team brought together to facilitate the effort and has involved contributions by hundreds of GSA employees and the entire GSA management team. We organized our review along four tracks.

The first track was to engage the more than two dozen major operating units within GSA in an extensive review of strategy, operations, and human capital. Agency leadership met with heads of services and staff offices, and regional administrators to dissect agency role, structure, budget, and services. After a self-assessment by each operating unit, the review team has held more than two dozen review sessions involving nearly every member of GSA's senior executive team and analyzing all available data. The team also had numerous meeting and interviews with employees, stakeholders, and

partner Federal agencies. The team supplemented these in-depth discussions with contributions from employees throughout GSA via the "Great Ideas Hunt," a month-long effort to solicit ideas for improvement that resulted in hundreds of ideas and thousands of comments.

As a second track, I tasked the review team to conduct interviews with GSA senior executives, business leaders in procurement and real estate from the private sector, and representatives from other federal agencies who use GSA's services. In all, the team conducted dozens of in-depth interviews to bolster their insights with the perspective of employees stationed in the field, the opinions of those at other agencies, and models used by private businesses.

As a third track, the review team underwent a data-driven analysis of how GSA could find new ways to save money across government. This track involved identifying opportunities in such areas as reducing the federal footprint, buying smarter, consolidating services, and government-wide policies.

For the fourth track, the team conducted an in-depth analysis of data regarding spending, performance, and the current state of GSA's business lines.

Reforms to Restore Accountability and Improve Oversight –

As we conducted this first round of what we hope will become a continuous process of Top to Bottom Review, we instituted critical reforms as we found issues that needed to be addressed or issues were brought to our attention.

First, GSA has centralized oversight of our spending, hiring, and IT decisions. We have already announced the realignment of budget functions, previously spread throughout the regions, under the Chief Financial Officer. With reporting lines running to Central Office, responsibility for spending and budgeting decisions now has additional oversight. Once complete, consolidation of the financial management of GSA will ensure that agency leadership, Congress and the taxpayer will have a better understanding of how and where funds are being used.

Additionally, shortly I will be notifying Congress of our intent to consolidate under the Chief Information Officer all IT functions throughout the agency. One of the key findings of our Top to Bottom review was that consolidation of the CIO functions provides an opportunity to improve the performance and cost effectiveness of GSA's IT portfolio. We have proposed to change the current decentralized structure and improved CIO accountability and oversight. Importantly, centralization of the CFO and the CIO were both crucial reforms that were recommended by the IG.

I will also be notifying Congress of our intent to consolidate hiring responsibilities with the Chief People Officer. Consolidation of hiring responsibilities will increase visibility into hiring decisions and increase efficiencies by eliminating current redundancy within the various organizations within GSA.

We have also focused on the current implementation of the telework policy, and the strength of the business cases to support virtual employees. I have strengthened our telework policy to ensure the program's cost-effectiveness and to make certain that there is a strong business case for employees who work from home full time. Already, the travel policies that I put in place in April have driven down travel costs for all workers, including those who work from home full time.

As you are already aware, we took a hard look at bonuses at GSA. We have already cut Senior Executive Service bonuses substantially. We will go further by reducing the budget for all other performance awards across the agency. We want to ensure that performance awards are being used to reward exemplary public service and we are developing guidelines to ensure cost savings and efficiency goals are integrated into every employee's job responsibilities. GSA will use those guidelines as the basis for individual performance awards. Our primary responsibility is service to our Nation and the agencies with which we work, and high performance in those duties is the basic expectation of every GSA employee.

A critical component of the Top to Bottom Review is assessing the appropriate structure of the agency and the commensurate staffing levels moving forward. Accordingly, I have instituted a hiring freeze across the agency.

Finally, I have put in place new leadership in the Public Buildings Service to reinvigorate this important business line and help refocus our efforts on the core mission of providing quality space to Federal agencies at the lowest cost to the taxpayer.

Reforms to Save Money –

As we conducted our Top to Bottom Review, we also pursued opportunities to generate savings to taxpayers.

After completing the "Great Ideas Hunt," we immediately implemented a few of the key ideas that were proposed. Implementation of these simple reforms, like cancelling a number of newspaper and magazine subscriptions and eliminating a paper-based tenant satisfaction survey, will save an estimated \$5.5 million per year. Additionally, I announced last month that GSA would freeze the Federal per diem travel reimbursement rates, keeping FY13 reimbursement rates at FY12 levels. This step will result in an anticipated \$20 million in avoided costs in FY13, helping to meet the Administration's directives to reduce government-wide travel costs.

GSA's Federal Acquisition Service (FAS) funding comes from the fees assessed on the purchases made by other agencies, and we believe there are opportunities for savings here as well. Based on our review and reports by the IG and GAO, we are working to determine the appropriate reduction to the current FAS fees and anticipate creating savings for Federal agencies that use GSA services and schedules. We are also

convening an interagency working group to review and develop recommendations on the overall fee structure for the schedules program.

In the area of real property, we have developed new tools to dispose of our unneeded and underutilized properties, allowing us to leverage the equity of some of our older and inefficient buildings in the inventory to get new and highly efficient ones. Already we have put in motion a number of potential real property exchanges that can provide considerable savings to taxpayers. For example, in Miami, we are seeking ideas from members of the development community interested in redeveloping and preserving the David W. Dyer Federal Building and United States Courthouse. Without Federal funding to restore this historic asset, we are now looking to leverage private sector investment to replace, renovate, or exchange the property. In Los Angeles, we announced that we are pursuing the exchange of an outdated Courthouse for a new, highly efficient Federal building. These initiatives are part of a broader effort to more fully utilize all of GSA's existing authorities and realize the benefits to business, government, and communities.

Long-Term Reform –

While we have already taken aggressive action to increase accountability and improve oversight and have moved quickly on important cost savings initiatives, we believe that additional reforms will be necessary as part of our future fiscal year budget submissions.

We know the core outcomes that we need to achieve. Specifically, reforms need to:

- increase our ability to achieve savings for the federal agencies that we serve,
- simplify and streamline the delivery of core services,
- ensure consistency in how GSA operates across the country,
- establish clear lines of authority, and
- make the most of the talent at GSA

The details of these reforms will be worked out in the months ahead, but they need to be based on three principles:

First, GSA needs to organize around the agencies we serve. GSA does not exist without demand from federal agencies, and these agencies engage in missions ranging from maintaining our nation's security to protecting our public health. Our job is to understand and meet their needs, so they can save money and focus on their core mission. In my conversations with numerous agencies, they mentioned the desire for proactive outreach by GSA to help meet their needs in the current fiscal environment. With that said, we need to remove any unnecessary, organizational barriers within our organization, and apply the best people and resources from anywhere within GSA to meet those needs.

The second principle of reform should be to invest in our core mission and reduce administrative costs. GSA has historically depended on 11 regions which deliver the agency's services, but that also replicates overhead functions and leadership structures. The resources currently allocated to potentially redundant activities could be captured as savings or, where appropriate, invested in improving service to agencies and performance outcomes.

The third principle of reform should be to utilize data to drive better results. Given its broad role, GSA has access to data capable of providing unique insights to improve the performance of federal agencies. Data and technological offerings today enable a transparent, rigorous and far-reaching performance management capability which could not have been imagined when the GSA was formed in 1949. Leveraging available data will save taxpayer dollars, make performance evaluation more transparent to employees and yield better outcomes for the federal government.

Conclusion –

I am confident that, with the support of Congress, we can accomplish reforms that will achieve our shared goal: restoring the trust of the American people and refocusing this agency on its core mission to provide quality service to Federal agencies at the lowest cost to the taxpayer.

I welcome the opportunity to be here today to answer any questions you may have. Thank you.

Statement of Honorable Brian D. Miller
Inspector General
General Services Administration



Committee on Homeland Security & Government Affairs

United States Senate

September 12, 2012

Chairman Lieberman, Ranking Member Collins, and members of the Committee. Thank you for the opportunity to testify at today's hearing. I am here to provide an update on the progress of the ongoing reviews I outlined in my letter of May 30, 2012, to the Committee, to discuss some of the major management challenges facing GSA, and to address some of the actions being taken to reduce fraud, waste, and abuse at GSA. We appreciate this Committee's oversight of spending at the General Services Administration (GSA) and its continued support of my office.

My letter of May 30 addressed the questions posed by the Committee on May 10, 2012. As noted, we have several ongoing investigations involving conferences, and we have an ongoing audit of conferences held between October 2011 and April 2012. We expect that the issues we have identified thus far will be remedied with the changes Acting Administrator Tangherlini has begun to implement. We look forward to advising the Committee when we complete those reviews and have definitive conclusions. Our audits of contracting practices at GSA also continue, and we have issued three reports since our May 30 letter that are available on our website. Those reports found, among other things, that the Federal Acquisition Service's (FAS) Network Services Division, Pacific Rim, lacks written procedures and management controls over contract administration, and the contract file documentation for FAS Blanket Purchase Agreements did not support award decisions or provide a complete history of the acquisition. Management concurred with the findings and recommendations in those reports. Finally, with regard to purchase cards, our Office of Forensic Auditing, Evaluation, and Analysis and our Office of Investigations continue to conduct reviews and investigations of suspicious transactions across the charge card program. These ongoing reviews have recovered over \$1.9

million in government charge card cases through forfeitures, restitutions, fines, seizures, recoveries, and penalties since 2009.

We report on significant management challenges at GSA each year. This year, we have identified as GSA's major challenges: (1) GSA's greening initiative; (2) acquisition programs; (3) financial reporting and information technology; (4) protection of federal facilities, personnel, and information; (5) rebuilding the Public Buildings Service; (6) management of the funds received from the Recovery Act; and (7) GSA's organizational uncertainty. The last challenge -- GSA's organizational uncertainty -- is new this year and is based on the changes currently underway at GSA. Our point is not to criticize GSA for making changes, but to note that the uncertainty does create a challenge. Our audits and investigations are structured around these challenges and focus on high-dollar contracts and federal buildings. We will continue to update Congress and work with the Agency on any serious challenges we uncover within its programs and operations.

Finally, I would like to briefly address the steps being taken to reduce fraud, waste, and abuse at GSA. I am encouraged by the steps Acting Administrator Tangherlini has undertaken to make sure something like the 2010 Western Regions Conference could not occur again at GSA. The first step in stopping waste is to identify it, and to accomplish that employees need to be willing to come forward when they learn of questionable activities. The Acting Administrator and I conducted town hall meetings throughout the regions to reiterate the valuable role GSA employees have as the first line of defense against fraud, waste, and abuse. In the month following the report's release, the number of incoming Hotline tips more than doubled, and I believe we are seeing improvement in employees' willingness to raise concerns. I would also note that GSA has responded to each recommendation made in the WRC report and, among

Testimony of Inspector General Brian Miller

September 12, 2012

other things, GSA has moved to centralize the Office of the Chief Financial Officer. It is also my understanding that the Office of Administrative Services is implementing controls over conferences, including spending and procurement, to ensure top-down accountability, and forty-seven conferences have been cancelled. Additionally, GSA has introduced a new online training session on conference attendance that is mandatory for every employee. I will let the Acting Administrator further explain the changes he has implemented and their anticipated effects.

Thank you again for the opportunity to testify. I would be happy to answer any questions the Committee may have.



Office of Investigations
Office of Inspector General
U.S. General Services Administration

Management Deficiency Report:
General Services Administration
Public Buildings Service

2010 WESTERN REGIONS CONFERENCE

April 2, 2012

1800 F Street, NW | Washington, DC 20405

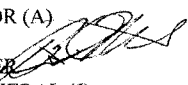
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U.S. General Services Administration
Office of Inspector General

April 2, 2012

MEMORANDUM FOR MARTHA N. JOHNSON
 ADMINISTRATOR (A)

FROM: BRIAN D. MILLER 
 INSPECTOR GENERAL (J)

SUBJECT: Final Management Deficiency Report
 Public Buildings Service

Our final management deficiency report on the Public Buildings Service 2010 Western Regions Conference is attached. We will publish the report with your response concurring with our recommendations and outlining the steps you are taking to prevent such waste and abuse from occurring in the future.

Thank you for all the assistance and courtesies extended to our staff during this review. Should you have any questions or require additional information, please contact me or have a member of your staff contact Assistant Inspector General for Investigations Geoff Cherrington on (202) 501-0035.

Attachment

1800 F Street, NW, Washington, DC 20405

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EXECUTIVE SUMMARY

The Public Buildings Service (PBS) of the General Services Administration (GSA) held its biennial Western Regions Conference (WRC), which had approximately 300 attendees, in October of 2010, at the M Resort Spa Casino (M Resort) just outside Las Vegas, Nevada. The GSA Deputy Administrator requested that the GSA Office of Inspector General (OIG) investigate allegations of possible excessive expenditures and employee misconduct in connection with the 2010 WRC.

The OIG found that many of the expenditures on this conference were excessive and wasteful and that in many instances GSA followed neither federal procurement laws nor its own policy on conference spending. Conference costs included eight off-site planning meetings and significant food and beverage costs. The total cost of the conference was over \$820,000, broken down as follows:

Phase	Description	Costs
Pre-Conference	Travel, Catering, Vendors, and Other Hotel Costs	\$136,504
Conference	Travel, Catering, and Vendors	\$686,247
TOTAL		\$822,751

Our findings included the following:

- **GSA spending on conference planning was excessive, wasteful, and in some cases impermissible.** To select a venue and plan the conference, GSA employees conducted two “scouting trips,” five off-site planning meetings, and a “dry run.” Six of these planning events took place at the M Resort (the conference venue) itself. Travel expenses¹ for conference planning totaled \$100,405.37, and catering costs totaled over \$30,000. GSA spent money on refreshment breaks during the planning meetings, which it had no authority to do, and the cost of catered meals at those meetings exceeded per diem limits.
- **GSA failed to follow contracting regulations in many of the procurements associated with the WRC and wasted taxpayer dollars.** GSA actions included:
 - Disclosing a competitor’s proposal price to a favored contractor;
 - Awarding a \$58,000 contract to a large business in violation of small-business set-asides;
 - Promising the hotel an additional \$41,480 in catering charges in exchange for the “concession” of the hotel honoring the government’s lodging cost limit;
 - Providing free rooms to a contractor’s employees even though the contract cost included lodging; and

¹ “Travel costs” or “travel expenses” as used in this report include per diem, lodging, and transportation costs.

- Disclosing to the team-building contractor the agency's maximum budget for one day of training, then agreeing to pay the contractor that amount (\$75,000).
- **GSA incurred excessive and impermissible costs for food at the WRC.** GSA spent \$146,527.05 on catered food and beverages during the WRC. That spending included \$5,600 for three semi-private catered in-room parties and \$44 per person daily breakfasts. GSA also paid \$30,207.60 – or roughly \$95 per person – for the closing reception and dinner; attendees at that dinner included 27 guests of GSA employees and seven contractor employees. GSA obtained repayment for guests' meals, but only for 23 of the guests and not for the entire cost of the meal.
- **GSA incurred impermissible and questionable miscellaneous expenses.** These expenses included mementos for attendees, purchases of clothing for GSA employees, and tuxedo rentals.
- **GSA's approach to the conference indicates that minimizing expenses was not a goal.** The PBS Region 9 Commissioner/Acting Regional Administrator instructed those planning the conference to make it "over the top" and to make it bigger and better than previous conferences. Several suggestions to minimize expenses were ignored.

GSA, in its management response, concurred with our recommendations and outlined the steps it is taking to prevent future waste and abuse.

SUMMARY OF INVESTIGATION

BACKGROUND

PBS Regions 7, 8, 9, and 10 (covering the western half of the United States) have held the WRC since the early 1990s and now hold it every other year. The conference typically includes about 300 people, selected from the participating regions' thousands of employees. The WRC's purpose has been described variously by different PBS officials as principally offering training in job skills; an exchange of ideas between the "higher-ups" in the four regions; and a combination of those things.

The 2010 WRC, which took place from October 25 through October 29,² was hosted by Region 9. PBS chose "A Showcase of World-Class Talent" as its theme; the conference was to "celebrate, share, and showcase the diverse professional and personal talents of GSA associates." GSA considered this theme a good match for the Las Vegas location, which, as GSA stated, has long "been a destination for talented musicians, dancers, magicians and showmen" to "showcase their talents to the international audience Las Vegas attracts." GSA created an internal website with information on the conference, including pictures and videos of conference events, which was taken down on March 23, 2012.

The GSA Deputy Administrator requested that the OIG investigate allegations of possible excessive expenditures and employee misconduct in connection with the 2010 WRC. The allegations included concerns with the team-building exercise, donation of bicycles to charity, and the costs of the conference. In reviewing these allegations, the OIG conducted interviews and reviewed contract files, correspondence, invoices, and other documents related to the WRC. On May 3, 2011, the OIG provided GSA management an interim presentation communicating many concerns regarding the WRC. The M Resort provided the most recent set of documents on January 13, 2012. Investigations are ongoing regarding a number of issues addressed in this report.

EXCESSIVE SPENDING ON CONFERENCE PLANNING

GSA held eight scouting and off-site pre-conference meetings, costing over \$130,000, to plan this conference. Six were held at the conference site. Below we discuss the pre-conference planning trips and their cost.

GSA published a notice of its planned procurement on February 2, 2009. The subsequent conference planning meetings included the following:

- | | |
|------------------|---|
| March '09 | Five GSA employees conducted a "scouting trip" to visit nine Las Vegas-area hotels. |
| March '09 | Fifteen GSA employees returned to visit two of the nine hotels again, staying at the M Resort and the Ritz-Carlton. |

² The morning of Monday, October 25, and all of Friday, October 29, were travel days.

August '09	Seven GSA employees stayed at the M Resort for a planning meeting.
November '09	A second WRC planning meeting, attended by 11 GSA employees, was held at the M Resort following Region 9's leadership council meeting.
March '10	Sixteen GSA employees stayed at the M Resort again for a planning meeting.
June '10	Nine GSA employees attended another planning meeting, this one at a Marriott Hotel in Denver, Colorado.
August '10	Twenty-one GSA employees attended a conference planning meeting at the M Resort.
October '10	Thirty-one GSA employees traveled to the M Resort for a "dry run" of the conference to be held later that month.

These off-site meetings cost the government over \$130,000, including:

- A total of \$100,405.37 in employee travel costs.
- Significant spending on catered food and beverages during the various pre-conference trips to the M Resort, totaling over \$30,000 for the scouting trip, four pre-planning meetings, and dry run. These charges included \$57.72 per head lunches (\$44 for lunch plus beverages and a 22% gratuity) and \$48.80 breakfasts (\$40 plus a 22% gratuity).
- Other expenses, such as audio-visual services and printing costs.

IMPROPER CONTRACTING

GSA failed to follow contracting regulations in many of the procurements associated with the WRC and wasted taxpayer funds. Below we discuss (1) the original solicitation and agreement with the hotel, (2) the revised hotel agreement, (3) the contract to provide a team-building exercise, and (4) the contract for audio-visual services.

Original Solicitation and Agreement with M Resort

On February 2, 2009, PBS posted on the Federal Business Opportunities website a combined synopsis and solicitation for its proposed acquisition of hotel space for the WRC. The solicitation sought proposals for single-occupancy sleeping rooms and meeting space during three possible date ranges, the preferred range being October 25-28, 2010. It specified that a "Cyber Café Room" and a conference-style office for 20 people must be available from Sunday through Friday, and that Monday through Thursday GSA required a conference room that would hold 275-300 people. The solicitation also described food and beverage requirements. This included a cash bar on Monday evening, a closing dinner on Thursday evening, breakfast and "AM/PM Breaks" Tuesday through Thursday, and a lunch on Wednesday. The solicitation also requested that offerors provide their price lists for food and "indicate discount off menu prices, if applicable." The acquisition was open to hotels in Las Vegas and the commuting area of McCarran Airport with both sleeping rooms and meeting rooms, and which could offer lodging rates "within prevailing Government per diem (currently \$105.00/night)."

Role of Location Solvers

Immediately after posting the solicitation on the Federal Business Opportunities site, a GSA national event planner sent a copy of it to the sales representatives of national hotel chains and to Location Solvers, a private company that assists organizational clients in finding venues for conferences. Location Solvers then informed the M Resort and other independent Las Vegas hotels about GSA's interest in acquiring a conference facility.

In making its proposal, the M Resort contacted GSA through Location Solvers; Location Solvers also assisted GSA in negotiating pricing and other terms of the agreements for the various trips GSA employees made to the M Resort. In exchange for these services, Location Solvers received a \$12,601.50 commission from the M Resort. The M Resort's willingness to pay over \$12,000 as a finder's fee strongly indicates that further discounts might have been available to GSA if GSA had contacted the hotel directly, rather than working through Location Solvers. Since GSA already employs several full-time event planners, the use of Location Solvers seems redundant and wasteful.

Original Agreement

GSA first entered an agreement with the M Resort on May 8, 2009. The agreement was signed by a national event planner, who had a contracting officer's warrant limited to \$100,000. That agreement did not comply with the Federal Acquisition Regulation. Weaknesses included the following:

- That agreement required GSA to pay a \$50,000 fee if the event were cancelled. That fee increased to \$200,000 (which is above the event planner's warrant) if cancellation occurred after May 1, 2011. Exclusive of lodging costs, which were to be paid by individual employees, the original projected cost was \$92,720; the final cost was \$153,975.60.
- The agreement was missing many clauses that statutes and regulations required to be included in contracts with the federal government.
- Although the solicitation stated the government-approved lodging rate was subject to change, the agreement set forth a nightly lodging rate of \$105, without noting the approved rate might change.³

Revised M Resort Agreement

One month before the conference itself, on September 21, 2010, a contracting officer with a \$10 million warrant (rather than the event planner, who had a \$100,000 warrant) signed a revised

³ As discussed later, the government-approved lodging rate dropped to \$93, which led to GSA making numerous "concessions" to the hotel to obtain the lodging price reduction.

agreement with the M Resort. That agreement stated that the standard commercial agreement terms mandated by the Federal Acquisition Regulation took precedence over the M Resort's own standard terms and reduced the nightly rate to \$93, because the federal rate ceiling had dropped after GSA signed the initial agreement. Because regional officials did not inform the recently assigned contracting officer that GSA had published a solicitation in February 2009, he prepared a written justification for procuring facilities from the M Resort on a sole-source basis – without advertisement or competition. He argued that it was “a very time sensitive procurement” and that it would have been too costly “to review each and every site.” That a contracting officer prepared a sole-source justification for a procurement that was in fact advertised is indicative of the carelessness of GSA's planning of the conference.⁴

Contract for Team-Building Exercise

GSA awarded a \$75,000 contract to Most Valuable Performers (also known as Delta4) to provide a morning team-building exercise during the conference, followed by an afternoon bicycle-building project that would use the new teamwork skills. As part of the contract, the vendor purchased the 24 bikes used for that project. That contract suffered from significant irregularities:

- A GSA program director told the vendor that its initial offer of almost \$125,000 was too high. At the vendor's request, the program director disclosed that GSA's maximum budget for one day of team-building training was \$75,000. GSA then awarded the contract at this price.
- The goal of the bicycle-building project was that employees would work together in an act of service to those in need.⁵ Therefore, GSA officials wanted participants to see the bicycles donated to the children of the local Boys' and Girls' Club during the conference. However, if the government acquires property, it may only dispose of that property pursuant to the Federal Surplus Property Donation Program – created by GSA itself to enable all federal agencies to comply with the Property Act. In order to avoid the requirements of the Property Act, GSA specified that the bicycles would remain at all times the property of the team-building provider. Even though GSA specified the bicycles were the property of the provider, GSA selected the recipient of the bicycles (from a list provided by the vendor); this action appears inconsistent with the assertion that the vendor owned the bicycles.

⁴ In addition, federal conferences may only be held at a hotel that is on FEMA's list of Fire Safety Act-approved accommodations. The M Resort is not. Although the solicitation posted on Federal Business Opportunities required that the venue comply with this requirement, GSA's eventual contract with the M Resort was silent on the subject. This requirement may be waived, but we found no evidence of a waiver.

⁵ One employee suggested that if GSA wished to indicate its commitment to service, employees should voluntarily work on a service project after work hours rather than on the clock; this suggestion was ignored.

Contract for Audio-Visual Services

GSA awarded Royal Productions a \$58,808 contract⁶ for audio-visual services. The flaws in this procurement included the following:

- Prior to selecting a vendor for these services, GSA was required to publish a solicitation on Federal Business Opportunities, but did not do so.⁷
- Federal regulation also provides that contracts in this dollar amount are “reserved exclusively for small business concerns.” Royal Productions is not a small business for purposes of this type of contract.
- GSA personnel provided the quote from the competing offeror for the audio-visual contract to Royal Productions, enabling it to present a winning bid. Disclosing source information is prohibited.
- GSA paid the housing expenses of Royal Productions employees twice. Royal Productions’ contract included \$1,962 for “technical crew housing,” comprised of \$110 per night for three rooms at six nights each. However, GSA *also* provided the Royal Productions crew with twenty room-nights (four rooms for five nights each) out of its “comped” rooms. (The M Resort contract provided for one free room-night for each 50 paid room-nights.) Had GSA not provided these rooms to the Royal Productions employees, it could have used them for GSA employees, reducing the cost by \$1,860 (twenty room-nights at \$93 each).

EXCESSIVE SPENDING ON FOOD

GSA expenditures on food, as provided for in the contract and in actuality, were excessive, and in several cases, impermissible.

Contract Provisions Regarding Food

GSA’s original contract with the M Resort included a food and beverage minimum of \$76,000, exclusive of gratuity – which was set at 22%. However, in September of 2010, GSA contacted the M Resort seeking a reduction of the nightly room rate to the new government rate of \$93. Recognizing that “this would in essence cost the hotel \$16,800.00,” GSA offered the hotel “concessions.” These included increasing the food and beverage minimum to \$110,000 (\$134,200 with gratuity), which included adding a cocktail reception before the Thursday night

⁶ This amount was later increased by \$3,000.

⁷ GSA took disciplinary action against an employee in connection with this failure.

dinner and a catered breakfast on Friday morning. GSA also advised the hotel that “[o]ur host^[8] is having a post function wrap up party in his loft suite after dinner Thursday bringing in approximately \$2K to the room service team.” As an additional concession, GSA said it would attempt to book another event at the hotel in March 2011, noting that “GSA absolutely loves this property” and “would gladly share any future leads with M Resort.”⁹

The government may not enter into contracts without determining that pricing is fair and reasonable. A month before the conference, the contracting officer sent regional personnel an email asking whether they had negotiated the food pricing, or determined that the prices were fair and reasonable. He also noted that the breakfasts cost \$34 or more, while employees’ allowances for breakfast are much lower (\$12 for Las Vegas). The regional event planner responded that GSA had simply accepted the hotel’s menu prices that any customer would have paid, as “[w]e used the . . . increase” in catering costs to “justify” the hotel honoring the government lodging rate.

Rules Governing Food Expenditures

A brief summary of the rules governing food expenditures follows. As discussed below, many of the GSA food expenditures violated these rules or were otherwise questionable.

- Federal employees traveling for work are paid for their lodging costs plus a fixed amount for meals (“per diem”). In 2010, the meal and incidental expenses allowance for Las Vegas was \$71 per day. If the government provides employees with meals, they must deduct a portion of this amount: \$12 for breakfast, \$18 for lunch, and \$36 for dinner. Employees attending the WRC were instructed beforehand to make these deductions for the meals provided, and most of them did so.
- GSA policy states that if conference planners use a contract to purchase meals for employees (rather than allowing employees to find their own meals), the contract pricing may not exceed the regulatory limitations on meal expenses.
- Agencies may pay for meals or “light refreshments” for their employees if these are necessary to achieve the objectives of a training program or an official conference. Agencies may not pay for food (other than the set meal allowance for employees who are traveling) at “‘day-to-day’ meetings” that “involve discussions of the internal procedures or operations of the agency.”
- Agencies also may pay for food for nonfederal employees at training, such as conference speakers, when necessary to the effective accomplishment of the training function.

⁸ Since the party on Thursday night occurred at the behest of the PBS Region 9 Commissioner/Acting Regional Administrator, it appears the agency considered this employee to be the conference’s “host.”

⁹ Favoring the M Resort in future government procurements would be improper; the agency’s obligation is to conduct all conference and acquisition planning so as to minimize costs and act in the best interest of the United States.

- Agencies may pay for food for contractor employees who are traveling to perform their duties, to the extent specified in their contracts.
- Agencies may pay for food for agency employees at an award ceremony if this would make the ceremony more effective. It is also permissible at an award ceremony to pay for refreshments for a guest (for example, a spouse) of an employee who is receiving an award.

Questionable Expenditures for Food

GSA spent \$146,527.05 on catered food and beverages during the WRC itself. That amount breaks down as follows:

Food and Beverage Catering	Costs
Light Refreshments and Breakfast Buffets	\$ 79,511
In-Room Parties	\$ 5,600
Networking Reception	\$ 31,208
Cocktail Reception and Award Dinner	\$ 30,208
TOTAL	\$146,527

Specific questionable expenditures included the following:

- The “networking reception” on the conference’s first evening included 400 pieces of \$4.75 “Petit Beef Wellington,” 400 “Mini Monte Cristo Sandwiches” at \$5.00 each, 1,000 sushi rolls for \$7.00 apiece, 150 units of a \$19 per person “American Artisanal Cheese Display,” and 225 units of a \$16 per person “Pasta Reception Station.” Also during that reception, GSA paid \$525 for two hours of “bartender service fees” for a cash bar;¹⁰ the total cost of the reception was \$31,208. We understand commemorative coins were presented at that reception. We do not believe this expense can be justified as either an award ceremony or light refreshments, based either on the nature of the event or the amount spent – over \$100 per person.
- Meal expenses exceeded per diem limits. For example, GSA provided breakfast for the WRC’s three mornings at a cost of \$44 per person, or \$32 per person per day more than it would have spent had it simply allowed employees to purchase their own breakfasts and claim the travel allowance set by regulation – a cost of \$29,568 over the per diem allowance for breakfasts at the WRC.¹¹ As another example, the total cost for the closing

¹⁰ There is no evidence that GSA paid for any alcoholic beverages during the WRC. Alcohol was apparently purchased with personal funds, and is not included in this report.

¹¹ Twenty-five employees who worked on planning the conference received a \$48.80 catered breakfast the morning after the conference’s concluding dinner, representing an additional \$920 in cost over the individual employees’ meal allowances.

dinner was \$73.20 per person – \$37.20 more than the allotted per diem. Moreover, as discussed above, a month before the conference GSA added a cocktail reception before the closing dinner as a “concession” to offset the reduction in the nightly lodging rate. That reception included 300 shrimp at \$4.00 each, and 300 items of \$5.00 “Boursin Scalloped Potato with Barolo Wine Braised Short Ribs.” The total food bill for the evening’s events was \$30,207.60 (or \$95 per person based on 318 attendees), which, again, included \$525 in bartender service fees for a cash bar. This made the total cost \$59 per person more than the employee travel allowance for dinner, a total of \$18,760 over the per diem allowance.¹²

- GSA impermissibly purchased food for non-employees. Examples include the following. A total of 299 GSA employees attended the conference but GSA purchased the dinner on the final day of the conference for 318 people. The list of attendees GSA prepared included 27 personal guests and seven of the agency’s embedded contractor employees in addition to 284 GSA employees. Twenty-three GSA employees paid \$60 apiece for the dinners of their personal guests. This figure did not include the 22% gratuity added to each meal, however (a total of \$303.60 for the 23 guests). Moreover, GSA paid the M Resort for meals for guests who were expected to attend but canceled before the event, but did not charge employees for those guests. The seven embedded contractor employees did not pay for their dinners. Relatives, who were not employees, also ate agency-provided meals throughout the conference. We question whether the meals purchased for personal guests and contractor employees were permissible.
- GSA officials also hosted several semi-private “parties” in their own hotel rooms or suites, which were catered at taxpayer expense. On the evening before the conference officially began, two regional officials hosted a party in an upgraded room. Catering for the event totaled \$922.90. The stated purpose of the event was for those organizing the conference (who had arrived a day early) to become acquainted with one another. Two nights later, the PBS Commissioner hosted an essentially celebratory party in his loft suite for GSA senior officials, at a cost of \$1,960.¹³ Neither of these parties fit any legal authority for GSA to spend funds on food.
- On the last night of the conference, after the closing dinner, the PBS Region 9 Commissioner/Acting Regional Administrator hosted a third party, in the empty loft suite vacated by the PBS Commissioner, who had already departed. GSA had retained the suite

¹² The M Resort did not charge the agency a room rental fee for conference space, either at the pre-planning meetings or at the WRC itself. Thus, the catering costs to some extent compensate for usage of the facility as well. However, one must also consider that during the WRC itself, the conference occupied 314 of the hotel’s 390 rooms, making the agency the only likely user of the meeting space. Moreover, less expensive breakfast and refreshment options were available. Agency policy states that if hotels offer “packaged” costs (as here, for meeting space and catering), the agency must still obtain “a total cost for subsistence [i.e., food] items,” so the agency can determine “that the maximum per diem rates have not been exceeded.” That did not occur here.

¹³ As noted previously, these amounts do not include any alcoholic beverages, which were purchased with personal funds.

for use as a “hospitality suite.”¹⁴ This party cost \$2,717.09. Conference organizers and regional “ambassadors” were invited; regional officials played a slide show of the conference, and the ambassadors received awards and “souvenir books.” While purchasing food for award ceremonies is authorized, the event’s qualification as an award ceremony is weak, at best.

- Because the pre-conference meetings were for planning, not training, GSA was not authorized to pay for the refreshment breaks at these meetings. As with the conference itself, meal charges exceeded the traveling employees’ meal allowances.¹⁵

OTHER IMPERMISSIBLE AND QUESTIONABLE EXPENSES

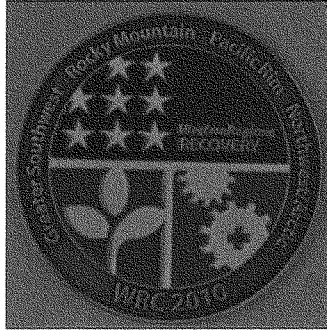
GSA made various impermissible and questionable expenditures unrelated to food, including improperly purchasing mementos for conference attendees.

- GSA policy provides that agency funds “are not available to purchase memento items for distribution to conference attendees as a remembrance of an event.” Contrary to this policy:
 - At the closing-night dinner, all participants received a “yearbook” containing pictures of all those attending the conference, taken when they checked into the hotel. GSA also printed souvenir books for the regional ambassadors. These costs totaled \$8,130.
 - GSA purchased numerous other items for distribution to conference participants. Canteens and carabiners cost \$2,781.50, and shirts for all conference participants for the team-building activity were \$3,749.40.

¹⁴ GSA selected this suite as one of its “comped” rooms. An internal GSA email to the PBS Region 9 Commissioner/Acting Regional Administrator noted the options of giving the room to a GSA Associate Administrator who was checking in on the same day the PBS Commissioner checked out, or keeping it “as a ‘hospitality’ suite (where you can have your party Thursday night).”

¹⁵ Additional questionable expenses included such items as two birthday cakes, one for \$120 and one for \$50, for pre-conference planning attendees and an ice cream station costing \$292.80 for 24 children brought in by the Boys’ and Girls’ Club to receive the bicycles GSA employees had assembled.

- GSA spent \$6,325 on commemorative coins “rewarding” all conference participants (as well as all regional employees who did not attend the conference) for their work on Recovery Act projects, along with velvet boxes to hold the coins. These did not qualify as permissible awards because the coins’ design, which appears below, shows that they were intended to be mementos of the WRC.



- GSA spent \$1,840 for vests for the 19 “regional ambassadors” and other employees, and \$393.90 for the rental of tuxedos worn by three employees who acted as masters of ceremonies at the awards dinner.

INDIVIDUAL IMPERMISSIBLE AND QUESTIONABLE ACTIONS

GSA employees may not solicit or accept gifts from any entity doing business with the agency, or use their positions to induce another person to provide any benefit, financial or otherwise, to themselves or their friends or relatives. Numerous employee actions may have violated these prohibitions, including the following:

- Before the original M Resort site visit in March of 2009, Location Solvers emailed the hotel to relate that an agency employee would be staying at the hotel on the night before the travel days for the scouting trip, and therefore was not entitled to the government rate or a complimentary free night. Thus, Location Solvers stated, the employee “needs a friend of a friend of the owner rate. (wink).”
- During the second trip in March of 2009, a different employee stayed in a flat suite – with a connecting room for her sister and niece, apparently offered at a discount by the hotel, which was then working to secure the eventual contract to host the WRC.
- At the behest of the spouse of a senior PBS official, a GSA event planner asked for and the hotel provided an adjoining room during the WRC, at the \$93 government rate, for the spouse’s relatives. Neither the spouse nor the spouse’s relatives were agency employees or participants in the conference.

- During the WRC, a GSA event planner contacted the M Resort's catering and conference services manager and said that she "cannot live without" a \$98 purse from the hotel's gift shop, asking whether the manager received a discount and "if so, will you help me?" The manager responded, "I can give you a \$30 comp," which was promptly accepted.

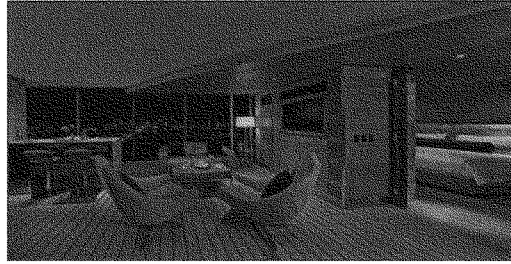
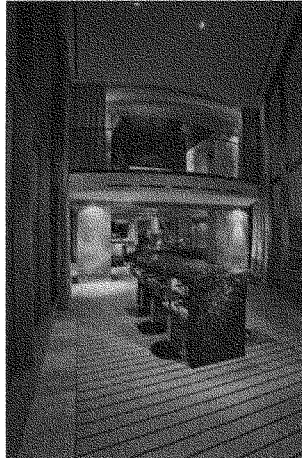
GSA'S OVER THE TOP APPROACH TO THE CONFERENCE

Federal regulations on conference planning emphasize cost reduction, stating conference planners "must minimize all conference costs," use government-owned conference facilities as much as possible, and take into account "all direct and indirect conference costs." The evidence the OIG developed, however, showed the goal was not to minimize costs, but to be "over the top." That evidence included the following:

- The PBS Region 9 Commissioner/Acting Regional Administrator instructed those planning the conference to make it "over the top," bigger and better than previous conferences. Several suggestions by regional employees that costs be reined in were ignored.
- In planning meetings, GSA personnel discussed that the theme was intended to showcase the business talent of the regional offices, but the emphasis was to be split between business talent and "theatrical talent." Thus, the "Capstone Dinner" on the last evening of the conference was to have a "red carpet" and "lighthearted awards," having "more to do with contribution at the conference" than job performance. Employees were told that the "award" ceremony was necessary so that federal funds could be spent for food; several employees indicated this has become something of a running joke in the region.¹⁶
- The in-room "party" on the evening of the closing dinner was hosted by the PBS Region 9 Commissioner/Acting Regional Administrator. A relative of the host worked closely with the agency's regional event planner on the food items selected for that party. Among other things, the employee's relative, who is not a GSA employee and yet "co-hosted" the party, contacted the event planner to add more food items, commenting, "Knowing we have a bit more money in the budget helps." The event planner acquiesced and ordered additional food, increasing costs to \$2,717.09 at the government's expense.
- During scouting trips, GSA "VIPs" were shown upgraded suites that they received as a perk for GSA contracting with the M Resort for the 2010 WRC. Loft suites have 2,400 square feet of space, two stories, multiple HD televisions and wet bars, and a going rate

¹⁶ The agenda on the last day included a "Cocktail Reception" at 4:00 pm, a "Red Carpet Show" at 5:30, a "Talent Award Showcase" at 5:50, and dinner with a speaker at 6:20. The only "awards" given during these events were presented during the Talent Award Showcase. There were four non-monetary awards given at that ceremony for musical performances, one for each region. The proper purpose of an awards ceremony is to give out awards recognizing significant contributions to the efficiency and effectiveness of government operations, rather than holding an event and giving out awards as an ancillary purpose to justify food. We do not believe the expenditures at the reception or dinner can be explained as incident to an awards ceremony.

of \$1,179 per night. Flat suites have 1,440 square feet and cost \$449-\$599 per night. The contract between GSA and the M Resort provided that GSA could have two loft suites for five nights each at the government rate for hotel rooms; GSA used all but one of those nights. GSA also received six flat suites for five nights each at the government room rate, and used 25 of those room-nights. The value of the discount that the M Resort offered GSA for these 40 nights was \$21,540.



Luxury suites at Nevada's M Resort. At left, a loft suite; above, a flat suite.

CONCLUSION

The excessive pre-conference planning, catering, and other costs, as well as the luxury accommodations and overall approach, show that GSA's planning and expenditures for the 2010 WRC were incompatible with its obligation to be a responsible steward of the public's money. As the agency Congress has entrusted with developing the rules followed by other federal agencies for conferences, GSA has a special responsibility to set an example, and that did not occur here.

RECOMMENDATIONS

The GSA Administrator should take appropriate action to:

- Ensure expenditures at all future conferences comply with all applicable regulations and policies, including that costs be minimized and Executive Order 13589 on Promoting Efficient Spending, which was issued after the date of this conference; these steps should include:
 - Minimize planning expenses for all future conferences;
 - Ensure food expenditures comply with applicable regulations and are necessary and appropriate;
 - Do not spend GSA money on mementos; and
 - Eliminate extraneous and unnecessary expenses such as vests and tuxedo rentals.
- Ensure events are not improperly designated as award ceremonies in order to justify the purchase of food.
- Ensure all regulations are followed in procurements associated with conferences, including:
 - Do not share proposals with competitors;
 - Follow small business set-aside requirements;
 - Ensure contracts adequately protect the government's interests and include all required clauses;
 - Obtain fair and reasonable pricing on all costs;
 - Ensure the contracting officer has an adequate warrant and all relevant information;
 - Do not provide benefits to contractors outside the scope of the contract, including free rooms when those costs are included in the contract;
 - Do not request personal benefits from conference contractors.
- Determine whether GSA can recover funds from Royal Productions based on GSA including the cost of rooms in the contract price and subsequently providing the rooms for free.
- Determine whether GSA can recover funds improperly paid, such as for meals for non-employees.
- Hold senior GSA officials responsible for excessive spending at conferences.

MANAGEMENT RESPONSE

GSA, in its management response, concurred with our recommendations and outlined the steps it is taking to prevent future waste and abuse. GSA's response is contained in the Appendix.

Appendix

The Administrator

April 2, 2012

MEMORANDUM FOR BRIAN D. MILLER
INSPECTOR GENERAL (J)

FROM: MARTHA JOHNSON
ADMINISTRATOR (A)

A handwritten signature in cursive script that reads "Martha Johnson".

SUBJECT: Response to the "February 12, 2012
Draft Management Deficiency Report
Public Buildings Service"

Thank you for your response to our request for a review of possible excessive expenditures and employee misconduct in connection with the 2010 Western Regions Conference (WRC). I appreciate the thoroughness of the Draft Management Deficiency Report and your review of this matter. I concur with all of the recommendations in your Report. I find the information in your Report to be very troubling as it outlines potential violations of federal procurement laws and agency policy. The excessive spending and other misconduct described in the report would be absolutely unacceptable under any circumstances. But it is especially egregious at a time when the fiscal constraints facing our nation demand that every dollar deliver the greatest value to the American taxpayer. Such misconduct will not be tolerated at GSA.

I am committed to eliminating excessive spending, promoting efficiency and ensuring strict compliance with GSA policies and federal regulations. The Agency has internal controls and extensive guidance in place that addresses excessive spending and what constitutes serious misconduct. However, we recognize in this situation that the internal controls were not adhered to, and the guidance was not followed. In order to ensure this situation does not occur again, I have taken proactive steps to implement tighter internal controls over conferences, finances, and procurements in order to eliminate waste and improper or unnecessary expenditures. In addition, we are taking appropriate disciplinary actions where warranted.

While this document outlines only those steps that address the recommendations made in your report, GSA will be taking a number of other decisive actions to address broader issues related to other conferences, overall risk management and internal controls, and

U.S. General Services Administration
1275 First Street, NE
Washington, DC 20417
Telephone: (202) 501-0800
Fax: (202) 219-1243

Appendix

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employee ethics. In response to your specific recommendations, the Agency is taking the following direct actions:

IG Recommendation: Ensure expenditures at all future conferences comply with all applicable regulations and policies, including that costs be minimized. Additionally, ensure that conferences are in accordance with steps and recommendations identified in Executive Order 13589 on Promoting Efficient Spending.

GSA Action: On August 9, 2011, I established the Office of Administrative Services (OAS) in order to provide greater oversight and accountability for all administrative functions within the agency. In light of your report, I am accelerating and escalating changes that were already planned for this year. Effective immediately, functions that will be performed by the Chief Administrative Services Officer will include:

- Oversight of contracting for conference space, related activities, and amenities;
- Review and approval of proposed conferences for relation to GSA mission;
- Review and approval of any awards ceremonies where food is provided by the Federal government;
- Review and approval of conference budgets as well as changes to the budget;
- Oversight and coordination with GSA conference/event planners and contracting officers on conference planning; and,
- Review of travel and accommodations related to conference planning and execution.
- Handling of procurement for all internal GSA conferences

This is effective immediately and written notice will be sent to GSA Heads of Services and Staff Offices and Regional Administrators informing them of these changes. The Office of Acquisition Policy, the Office of the General Counsel and the Office of Administrative Services will develop mandatory annual training for all employees regarding conference planning and attendance.

These changes are consistent with the OAS's broad range of functional responsibilities that are primarily focused on internal GSA administrative policies, programs and operations. The OAS's mission is to ensure GSA runs as cost-effectively and efficiently as possible by developing and implementing policy and operational programs, including but not limited to, Personal Property (Internal) Accountability, Internal GSA Procurement, and GSA's Travel Program.

IG Recommendation: Hold senior GSA officials responsible for excessive spending at conferences.

GSA Action: I have directed the GSA Region 9 Regional Administrator to perform a thorough review of the conduct of the Regional Commissioner for the Public Buildings Service in Region 9 with respect to the 2010 WRC. The Agency will take any

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disciplinary action that may be warranted based on the results of the review. The [REDACTED] has been placed on administrative leave until further notice pending the outcome of the review.

I have made a decision to take disciplinary action against several senior management officials. This can include a range of disciplinary actions, up to and including suspensions or removals. Further, I have directed the appropriate senior management officials to vigorously review the matters raised in your report and determine if additional policy and organizational changes are necessary, and if additional disciplinary actions are warranted against other senior officials and employees.

In addition to the above, I am taking the following steps:

- Directing PBS to cancel all future Western Regions Conferences;
- Reducing PBS travel budgets for FY 2013 in Regions 7, 8, 9 and 10;
- Shifting reporting and oversight of all Regional PBS budgets to the Central Office PBS; and
- Directing the GSA Chief Financial Officer and Senior Procurement Executive to review contracts and expenses not only associated with the WRC, but also all conferences currently in the planning phase, but also all conferences currently in the planning phase.

IG Recommendation: Ensure events are not improperly designated as award ceremonies in order to justify the purchase of food.

GSA Action: The Chief Administrative Services Officer will review and approve any awards ceremonies where food is provided by the Federal government. This topic will be covered in mandatory training for supervisors and managers.

IG Recommendation: Ensure all regulations are followed in procurements associated with conferences, including the ones identified in the recommendations.

GSA Action: I have directed the GSA Office of Acquisition Policy to ensure that the proper training courses are mandatory for contracting officers and event planners who are tasked with conference planning, contracting and execution. Training will be annual and mandatory. Unannounced and random Procurement Management Reviews, under the direction of the Senior Procurement Executive, will be conducted at least quarterly.

IG Recommendation: Determine whether GSA can recover funds from Royal Productions based on GSA including the cost of rooms in the contract price and subsequently providing rooms for free as well as, determine whether GSA can recover funds improperly paid, such as for meals for non-employees.

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GSA Action: I have directed the GSA Senior Procurement Executive to explore all opportunities for funds recovery in this matter and take appropriate actions.

I appreciate your attention to this matter and will continue to work closely with the Office of Inspector General until it is resolved.

RON JOHNSON
SENATOR

LEED 2012
APPROPRIATIONS
BUDGET
HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
AGING

United States Senate
WASHINGTON, DC 20510

April 30, 2012

Acting Administrator Dan Tangherlini
U.S. General Services Agency
GSA Office of the Administrator
1800 F Street, NW
Washington, DC 20405

Dear Administrator Tangherlini:

As a result of the Energy Independence and Security Act of 2007, the General Services Administration (GSA) has adopted the standards of the U.S. Green Building Council's (USGBC) LEED program to meet our federal government's ambitious energy efficiency standards. I am deeply concerned over changes that have been proposed in the LEED 2012 initiative and the resulting potential for significant job losses and increased building costs at a time when my constituents can least afford it.

The proposed LEED 2012 rating system is a significant departure from the previous version of the green building rating system. These changes will undermine the goal of improving energy efficiency by eliminating the use of dozens of approved materials and hundreds of proven products, all while driving up building costs to the taxpayer and threatening employment in my district. USGBC is planning to create two "Materials and Resources" (MR) credits under LEED 2012: one for "disclosure of chemicals of concern" and one for "avoidance of chemicals of concern." In addition to listing specific products, the credits would also affect over 900 substances – many of which are key to helping building products achieve energy efficiency.

These proposed credits could adversely impact the primary goals of the program by biasing the marketplace against products that play an essential role in enhancing energy efficiency, such as plastic foam insulation. Moreover, USGBC has not done even a preliminary analysis of whether alternative materials would be able to perform as well, providing no evidence that avoiding existing materials will result in improved energy efficiency.

Alarming, LEED 2012 targets products that create jobs for hard working people in Wisconsin. If adopted, LEED 2012 could have a direct, negative impact on over 2,100 jobs of my constituents.

LEED 2012 not only threatens Wisconsin jobs, it will almost certainly cost all taxpayers money. These proposed chemical restrictions could arbitrarily affect many energy-efficient construction products, such as insulation, roofing, wiring and energy efficient windows. These restrictions

YOUR SENATOR'S OFFICE
598 RICHMOND SENATE CHAMBER BUILDING
WASHINGTON, DC 20510
(202) 224-6226

CONGRESS OFFICE
219 EAGLE WASHINGTON AVENUE, SUITE 100
MILWAUKEE, WI 53201
(800) 230-7290

CONGRESS OFFICE
517 EAGLE WASHINGTON AVENUE
MILWAUKEE, WI 53201
(414) 226-7282

<http://ronjohnson.senate.gov>

will put a further strain on already tight federal budgets for building and infrastructure, energy costs, and economic development in the building sector that is struggling to rebound.

If USGBC does not reconsider its anti-chemical proposals in LEED 2012, I respectfully request that GSA stop using the LEED rating system. As the largest federal government agency that has adopted LEED, GSA's adherence to LEED 2012 would amount to a federal government sanction of unscientific quasi-regulation. The imprimatur of the federal government should not be awarded to a program that could threaten jobs, waste taxpayer dollars and even reduce the energy efficiency it is meant to achieve.

Thank you for your consideration of this important matter. I look forward to your response.

Sincerely,



Ron Johnson
United States Senator

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United States Senate
 COMMITTEE ON
 HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
 WASHINGTON, DC 20510-6250

May 10, 2012

The Honorable Brian Miller
 Inspector General
 General Services Administration
 1800 F Street, NW
 Washington, D.C. 20405

Dear Inspector General Miller:

We appreciate your service to the taxpayers in uncovering the waste, abuse, and potential fraud associated with the 2010 Western Regions Conference (WRC) of the Public Building Service (PBS). Your investigation will help deter similar abuses in the General Services Administration (GSA) and will send a warning shot across the government that reckless and illegal spending of taxpayer dollars will not be tolerated.

We understand the WRC investigation has already prompted hotline tips related to spending across GSA that you are investigating. In an effort to ensure effective oversight by our Committee, we request that you provide us regular updates on the status of these continuing investigations.

Based on our review of the documents you provided to our Committee related to the investigation of the WRC, we are also writing to suggest areas in which additional work by your office would provide a better understanding of whether breakdowns in fiscal discipline within GSA are limited to certain regional offices, or whether there is a broader management crisis at GSA. In addition, we have provided our views on other information from you that would be helpful to our oversight of GSA.

First, we recommend that your office conduct a review of other GSA conference and travel expenses. We ask that you begin by examining other contracts for conferences held by the regional offices, as well as invoices submitted pursuant to those contracts. Should your initial review find any other extravagant or potentially illegal spending on conferences, or any suspicious travel expenses – including unusually long trips and large expenses claimed for travel in an employee's local area – we ask that you conduct a full investigation as you did with the WRC, and let us know of your findings.

Second, given our Committee's oversight of federal procurement, we were particularly alarmed by the numerous violations of contracting regulations in the procurements related to the 2010 WRC. As the agency responsible for promoting efficient contracting practices throughout the government, GSA should set the standard for excellence in contracting. Instead, as your report on the WRC showed, GSA officials repeatedly refused to seek multiple bids for contracts and engaged in other unethical and illegal behavior. As a result, they failed to obtain fair and reasonable prices for the government. Therefore, we recommend that you examine a representative sampling of other contracts supporting the activities of GSA's regional offices to determine the frequency with which they violate procurement regulations. Such a sampling would help determine the need for additional audits of particular regions or

programmatic activities. Furthermore, both GSA and Congress would benefit from your examination of, and recommendations on how to improve, GSA's recruitment, certification, and training of contract officers.

Third, we continue to have concerns that, far too frequently, some employees use government purchase cards for illegal purposes. The misuse of purchase cards has long been a concern of our Committee, and as GSA is the agency that administers the purchase card program for the federal government, the use by GSA employees of government charge cards for personal benefit is particularly galling. As you know, the Deputy PBS Commissioner for Region 9, Daniel Voll, pleaded guilty in April 2010 for embezzlement through fraudulent use of his government purchase card for personal use on perks such as luxury hotels, dining, and spas. Remarkably, his conviction failed to trigger adequate oversight of Region 9 by GSA headquarters. We question, therefore, whether GSA has sufficiently rigorous internal controls on purchase card procurements. We recommend that you conduct additional audits and investigations of purchase card use throughout GSA as soon as possible.

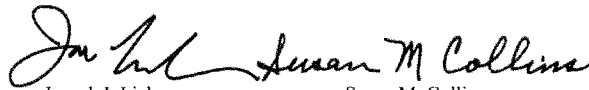
Fourth, we are also interested in your views on specific improvements that could be made to improve GSA's internal oversight of its funds. Allegations related to the WRC came to your attention through a request by the Deputy Administrator of GSA to investigate based on information she received. Unfortunately, we fear that absent this specific request, your office, Congress, and the public would have remained unaware of this scandal. Are there changes to the organizational structure, investigative techniques, or audit protocols of your office that would have triggered earlier detection of the waste and abuse of taxpayer money in the WRC case? Do you have recommendations on GSA's organizational structure or its internal controls that would deter such waste and abuse?

Fifth, we ask that you keep us apprised of the status of your recommendations to GSA management stemming from the WRC investigation and let us know whether GSA implements meaningful and effective changes.

We recognize that you have ongoing investigations and audits related to many of the specific areas of oversight that we have outlined here. Consequently, as mentioned earlier, we ask that you keep our staffs informed of such work and also meet with our staffs regularly to discuss possible additional work.

Again, we thank you for your report on the WRC and all your efforts to expose waste, fraud, and abuse within GSA.

Sincerely,


 Joseph I. Lieberman Susan M. Collins
 Chairman Ranking Member



U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

May 30, 2012

Chairman Joseph Lieberman &
Ranking Member Susan Collins
Committee on Homeland Security and Government Affairs
U.S. Senate
Washington, DC 20510

Dear Senators Lieberman and Collins:

I am in receipt of your letter of May 10, 2012, which requests continued updates on matters that have surfaced since the release of our Management Deficiency Report on the 2010 Western Regions Conference (WRC). We appreciate the Committee's solution-based approach to oversight of the General Services Administration (GSA), its continued support of our office, and your words of commendation. On multiple occasions since the release of our report, my office has met with the Committee staff to discuss ongoing oversight activities, and we will continue to brief your staff on further developments.

Your letter asks that my office 1) conduct a review of other GSA conferences and travel expenses; 2) examine a representative sampling of other contracts supporting the activities of GSA's regional offices to determine the frequency of procurement violations; 3) conduct additional audits and investigations into purchase card use throughout GSA; 4) recommend changes to the organizational structures of both the Agency and my office to trigger earlier detection of similar incidents of waste and abuse; and 5) keep the Committee apprised of the status of my office's recommendations to GSA that stem from the on-going 2010 WRC investigation. My reply addresses each of these areas sequentially.

Conferences

Our management deficiency report on the 2010 WRC triggered additional investigations into other conferences held by Region 9 and by the Agency at large. These investigations are ongoing. In addition, the Agency provided my office with a list of conferences with dates, number of attendees, and associated costs. Our Office of Audits selected all reported conferences for the period starting October 2010 through April 2012. We limited the conferences of interest to those with 25 or more attendees and filtered out any with total costs, including travel, of less than \$10,000. The result was a list of 59 conferences with a total reported cost of about \$5.8 million. We calculated and compared reported conference cost per attendee, excluding travel, for each conference and grouped the results into three risk bands. The highest risk was defined as a cost per attendee that was more than 2.5 times the overall mean (\$151 per attendee) for the entire group of 59 conferences. Topping that group was the 2010 WRC, with a cost of \$1,250 per attendee. The next highest reported conference cost was \$493 per attendee. In total, five conferences rated as high risk, 19 as medium risk, 32 as low risk (less than 1.25 times the overall mean), and three were unrated with no attendee counts provided.

In general, the cost per attendee data analysis paints the 2010 WRC as excessive among GSA conferences. To further validate these results, we will have to conduct substantial survey work. Our next step will be data collection for a sample derived from our analysis. If the cost variance is found to be excessive, we will undertake additional review and analysis.

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Contracts

Regarding the contracts awarded by GSA's Public Buildings Service (PBS) regional offices, my office has reviewed contracts that GSA regional offices awarded as part of GSA's implementation of the American Recovery and Reinvestment Act of 2009 (Recovery Act). We found that PBS in several cases violated the competition requirements of the Competition in Contracting Act, as well as other procurement requirements of the Federal Acquisition Regulation. As a result, there is no assurance that all of these contracts, some of which exceed \$100 million, have been awarded at a fair and reasonable price. In light of these procurement issues, we will continue to audit and examine PBS regional contracts in an effort to prevent and detect fraud, waste, and abuse within GSA.

As for the regional contracts in the GSA's Federal Acquisition Service (FAS), we performed a number of audits of the regional Client Support Centers (CSCs). We found that opportunities exist to improve adherence to procurement regulations. We are in the final stages of auditing the Region 9 telecommunications service contracts. A similar review will be performed in Region 5 during fiscal year (FY) 2013. In addition, we continue to conduct contract and internal audits of the Multiple Award Schedules program. This is a national program which, at the end of FY 2011, consisted of over 19,600 contracts with sales of \$39 billion. We will continue to keep the Committee apprised of any emerging trends of contract irregularities that we observe in our audits.

Purchase Cards

Inappropriate use of GSA's travel, purchase, and fleet charge cards, as well as effective internal controls over the GSA SmartPay® program have long been of concern to the OIG. The Office of Audits completed a 2009 audit¹ of GSA's purchase card program identifying inadequate controls over the purchase card application and the maintenance and account closure processes, an absence of policy regarding the span of controls for approving officials and cardholders, insufficient documentation of purchase approvals, and improper use of purchase cards. The audit report included four recommendations, directed to the GSA Office of the Chief Financial Officer, to ensure a more efficient and effective program. In addition, our Office of Forensic Auditing has conducted targeted reviews of purchase card transactions in GSA Regions 4, 5, 9 and 10, resulting in referrals of numerous suspicious transactions to the Office of Investigations for further investigation. Additionally, my Office of Investigations has an ongoing initiative with the GSA Fleet Fraud Prevention team that emphasizes early detection and prevention of fraudulent use of fleet charge cards. This fiscal year to date, the Office of Investigations has initiated 46 fleet credit card investigations and five purchase card investigations. Through forfeitures, restitutions, fines, seizures, recoveries, and penalties, the Office of Investigations has recovered over \$1.9 million in government charge card cases since 2009. We will continue to provide oversight of charge card transactions, monitor program policies and procedures, and conduct targeted audits and investigations of high-risk questionable purchasing activities across the GSA Smart Pay® charge card program.

We note that the transactional data on the government purchase card items for the 2010 WRC did not raise red flags on the surface. In fact, most items could be deemed legitimate purchases and did not indicate wrongdoing. Only when extrapolated with other 2010 WRC conference costs did it become evident that some of the items purchased were for the 2010 WRC.

Early Prevention

Your letter mentions that, absent the Deputy Administrator's tip on the 2010 WRC, our office would not have investigated the conference. It is important to note how OIG investigations are typically initiated. While some of our investigations are generated by audit findings or are proactive, a significant number of

¹ May 11, 2009. Report Number A080090/B/F/F09006.

them come to us as Hotline complaints or tips. As such, whistleblowers are often necessary to trigger investigations. In that regard, investigations are somewhat akin to fire departments; firefighters cannot predict when and where each fire will occur and must rely on calls as the catalysts for responsive action. The same is true for investigations. Regarding the 2010 WRC, our Office of Investigations received no complaints leading up to or directly following its occurrence. Our investigation revealed that the absence of whistleblowers concerning Region 9 conferences had much to do with the atmosphere of intimidation that allegedly existed there. Since the 2010 WRC report's release, we have seen a considerable increase of Hotline tips. Our special agents continue to conduct Integrity Awareness Briefings for GSA employees nationwide to reinforce employees' valuable roles as the first line of defense against fraud, abuse, and mismanagement.

Furthermore, OIGs' audits and investigations are structured to reflect the programmatic functions of the Agency they oversee. As a result, the GSA OIG's offices of audits and investigations are structured to focus on high dollar contracts and federal buildings. We focus our resources on audits and investigations that can yield significant monetary recoveries to the United States. For instance, our investigation into Oracle generated a \$199.5 million settlement to resolve allegations that Oracle knowingly failed to comply with the price reduction clause of its GSA contract by not disclosing to GSA discounts Oracle gave to its commercial customers. To date, this is the largest False Claims Act settlement that the GSA OIG has ever obtained. In fact, since 2005, our audits and investigations have achieved over \$6.5 billion in savings to the taxpayers. Additionally, GAO found in a 2008 report that the GSA OIG has an average return of \$19 per dollar budgeted.²

The absence of Agency financial control and top-down accountability allowed the 2010 WRC expenditures to occur unchecked. As I stated in my testimony before the Senate Committee on Environment and Public Works (enclosed), systemic changes can be put into place at GSA to eliminate opportunities for excessive, impermissible, and unchecked spending in the future. I have proposed, among other things, that the GSA Office of the Chief Financial Officer (CFO) be centralized to ensure that the CFO has direct authority over all regional and service budget offices as well as visibility into all Agency budgeting, down to the dollar level. Acting Administrator Dan Tangherlini has stated his intentions to pursue these reforms. I look forward to working with the Agency and the Committee to assess these and other reforms once they are implemented.

Recommendations

My staff will keep you apprised of the status of our recommendations to GSA management stemming from the 2010 WRC, and we plan to meet regularly with your staffs to inform them of our progress on these aforementioned and other oversight activities.

Again, I thank the Committee for its substantive approach to our oversight activities and for your continued support of our oversight efforts. Please call my office at 202-501-0450 or Jen Riedinger of my staff at 202-501-4634 if we can answer any questions.

Sincerely,



Brian D. Miller
Inspector General

Enclosure

² "Inspectors General: Actions Needed to Improve Audit Coverage of NASA." GAO Report 09-88 2008 (p. 33).

Enclosure

Testimony of IG Brian Miller
Addendum on Agency Improvements

To build on a familiar GSA theme as emphasized by previous Administrators, the agency needs to become "One GSA." One GSA, with top to bottom control and accountability should replace a system of diffused "matrix" management that has led to fiefdoms and feudal kingdoms. No Administrator should have to plead ignorance or weakness when the public trust is being abused. If the agency's senior leaders are going to be held accountable for the work of the agency -- and they will be as recent events show -- leadership must have the authority and tools for carrying out their responsibility. As it is, with senior regional leadership having two supervisors, accountability becomes divided and diffused. The supervisory matrix really becomes a sieve through which oversight is lost.

This is the problem with a weak CFO structure. One GSA accountable to the Administrator, as the WRC failures attest, also requires One CFO. When financial responsibilities are so dispersed they fall beyond the control of the CFO, there is no CFO -- and the Administrator is deprived of one of an agency head's lead reins to control spending and provide leadership over agency programs.

A theme of a unified GSA leads to a unified CFO and a unified CIO. Diffused information systems lead to redundancies, cost, and barriers that are inimical to the concept of accountability and transparency.

(1) Centralize program and budget management.

- The GSA's Chief Financial Officer's testimony before the Subcommittee on Economic Development, Public Buildings and Emergency Management of the House Committee on Transportation and Infrastructure indicated that the CFO is essentially a figurehead.
- The CFO should have direct authority over all regional and service budget offices (and should be the only employee with the title "CFO"). The OCFO should have visibility into all agency budgeting, down to the dollar level.

(2) Centralize agency information management.

- Likewise, the agency Chief Information Officer should have control over all agency information systems. Currently, it is not clear that the OCIO is even aware of the full list of the agency information systems that exist. The OCIO should have final authority to access and manage all systems.
- Despite the Inspector General Act's requirement that the IG is authorized "to have access to all records" of the agency that relate to the OIG's responsibilities, currently requests by the OIG for read-only access to agency information systems are often met with extraordinary delays (sometimes over a year) or are never fulfilled. Agency systems "owners" who fail to provide access to the OIG within fourteen days should be required to make an explanation of that failure to the Administrator, with a copy to the Inspector General, by the end of the fourteen-day period.

*Enclosure***(3) Get back to basics.**

- As the Acting Administrator has stated, GSA needs to re-focus on its core missions – procurement and building operations. We found that many agency contracting personnel did not understand fiscal law or the Federal Travel Regulation, or were unaware of the existence of agency policies that directly governed their daily work. This is unacceptable.
- The agency must separate its contracting function from its program functions. That is, the CO should not report to the program officer.

(4) Get out of the “matrix.”

- As the former GSA Administrator testified, GSA employee supervision is not presently linear; it is a “matrix.” Because many high-level personnel report to two supervisors, each supervisor can deflect supervisory responsibility onto the other, or claim to. The matrix is really a sieve.

(5) Require procurement accountability.

- Currently, agencies that violate the Anti-Deficiency Act must “report immediately to the President and Congress,” as well as the Comptroller General, the facts surrounding each violation and the actions taken to remedy the problem. 31 U.S.C. § 1517(b). This same accountability requirement should be added to the Competition in Contracting Act, which requires that agencies “obtain full and open competition through the use of competitive procedures in accordance with the requirements of [CICA] and the Federal Acquisition Regulation.” 41 U.S.C. § 3301(a)(1). This accountability would indicate that the agency takes seriously the concerns of businesses, particularly small businesses, that have not received a full and fair opportunity to compete for federal contracts.



U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

July 19, 2012

The Honorable Joseph Lieberman
Chairman
Committee on Homeland Security and Governmental Affairs
SD-340 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Susan Collins
Ranking Member
Committee on Homeland Security and Governmental Affairs
SD-340 Dirksen Senate Office Building
Washington, DC 20510

Dear Senators Lieberman and Collins,

Pursuant to our reporting obligations to Congress, I write to inform you of an incident that was brought to my attention by Acting Administrator Dan Tangherlini on July 11, 2012. On November 17, 2010, the Federal Acquisition Service (FAS) division of the General Services Administration (GSA) held a one-day performance award ceremony in the Washington, D.C., metropolitan area, featuring a drum band exercise by a third party vendor and speeches from current and former GSA officials. We have begun a preliminary analysis of the information we have received from the Agency and have opened an administrative investigation. Our initial findings show costs upwards of \$268,732 for the one-day ceremony. Although these figures may be subject to change, our preliminary review showed the following.

- \$34,073.38 for the ceremony venue at the Crystal Gateway Marriott including:
 - \$20,738.78 in catering charges
 - \$13,334.60 in AV and room rental charges
- \$7,697.22 for a "Commissioner's Reception" at the Key Bridge Marriott including:
 - Hors d'oeuvres, beverages, and miniature pastries for 200 attendees
 - A violinist and a guitarist
- \$140,464.06 for "coordination and logistical management" by Gallagher & Gallagher, Inc. including:
 - \$104,484.17 for logistics and management services
 - \$20,578.24 for 4,000 drumsticks given to attendees
 - \$5,390 for five 55-passenger buses, two mini-buses, and a van
 - \$10,010.65 for "Mission Possible Agent X" management
- \$28,364.45 for 4,000 "time temperature picture frames" provided by Small Wonders.
- \$7,810.24 for 68 shadowbox frames provided by Award Crafters.
- \$8,587.73 for "Agent X appearance" by JDG Communications, Inc.

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- \$41,734.93 for travel for 49 attendees.

My office will continue to look into this ceremony in addition to our ongoing audits and investigations into other previous conferences. We will continue to update the Committee with any developments that emerge from our inquiry. Please feel free to contact me or Jennifer Riedinger of my staff at 202-501-4634 if you have any questions or if there is additional information we can provide.

Sincerely,



Brian D. Miller
Inspector General

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United States Senate

COMMITTEE ON
 HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
 WASHINGTON, DC 20510-6250

May 10, 2012

The Honorable Daniel M. Tangherlini
 Acting Administrator
 U.S. General Services Administration
 One Constitution Square
 1275 First Street, NE
 Washington, DC 20417

Dear Acting Administrator Tangherlini:

We are writing in response to the Inspector General's Management Deficiency Report on the 2010 Western Regions Conference (WRC) (April 2, 2012). As you know, the IG uncovered numerous violations of contracting regulations and policies, the Federal Travel Regulation, and purchase card rules by General Services Administration (GSA) employees. The IG's investigation of the WRC has also prompted additional investigations and at least one referral to the Department of Justice. The waste, excessive spending, and possible fraud uncovered as a result of this investigation and continuing investigations cause us grave concern. It is never appropriate for an agency to skirt acquisition rules and policies and waste tax dollars in the process. These issues are even more troubling given GSA's unique and lead role in contracting and management of travel and conference planning.

We appreciate that you were only recently asked to lead GSA, and we recognize the actions you have taken thus far to address the egregious waste of taxpayer money that has been exposed by the IG's WRC Report. We are writing to recommend additional measures that you might take, and to obtain more information so that we may determine whether further measures, through either executive action or Congressional mandate, are warranted.

As the Chairman and Ranking Member of the Committee with responsibility for oversight of the efficiency, economy and effectiveness of government agencies, we are concerned that, without sound internal management of its own activities, GSA cannot fulfill its mission of making the federal government operate more efficiently. Moreover, as the Committee of jurisdiction over federal procurement policies, we are alarmed by the numerous violations of contracting regulations committed by the Public Building Service (PBS) in planning the WRC.

We recommend that you direct the Chief Financial Officer (CFO) of GSA to review all recent GSA conferences to identify potentially wasteful or unlawful spending. We also ask that she review a representative sampling of per diem expenses to ensure that

GSA employees who received meals as part of a conference did not also claim per diem expenses for those meals, as did some employees who attended the WRC. Additionally, we recommend that you undertake a comprehensive review of GSA's policies and procedures for granting contract warrants, which authorize individuals to enter into contracts on behalf of the government. GSA must ensure that only qualified personnel serve as contract officers, that those individuals meet training and certificate requirements, and that warrants are terminated when those holding them perform in an unsatisfactory manner or engage in unethical behavior.

We also ask that you provide us the following information by May 31:

GSA Top to Bottom Review

- 1) You have testified that you are conducting a "top to bottom" review of GSA.
 - a) What is the scope of your review?
 - b) What is the timeline for completing this review, including specific milestones and deliverables?
 - c) Who is responsible for this review, including seeing that the milestones are reached?
 - d) Please provide us an update on the review no later than June 15, and a report of your findings as soon as the report is complete.

Financial Controls Over GSA's Regions

- 2) We have learned through the WRC investigation that there appears to have been inadequate supervision of regional office spending by GSA headquarters.
 - a) Since being appointed Acting Administrator, what changes, if any, have you made to ensure that GSA headquarters exercises appropriate oversight over regional office spending and that regional offices are held more accountable for their spending of taxpayer dollars?
 - b) Since being appointed Acting Administrator, what changes, if any, have you made to the authorities of the GSA CFO and to the authorities of the regional CFOs to improve oversight of and accountability for regional office spending?
- 3) At the time of 2010 WRC, what were the procedures for the development and approval of the budgets for GSA's regional offices?
 - a) At that time, did those procedures differ for PBS and the Federal Acquisition Services (FAS)?
 - b) What changes have been made to those procedures since the 2010 WRC?

Conferences, Travel, and Award Ceremonies

- 4) What are the current procedures for the approval of GSA-sponsored conferences?
- 5) What is the role of the GSA Office of General Counsel in reviewing proposed conferences?

- 6) The former Region 9 CFO told IG investigators that she was concerned about expenses incurred for the WRC, and general conference planning and travel in Region 9, and that she had requested guidance from GSA headquarters. Specifically, she said that she contacted the former PBS CFO and subsequent PBS CFO about tightening up guidance at the national level for conference planning. What steps, if any, did GSA take in response to this request?
- 7) The Office of Governmentwide Policy (OGP) is responsible for policy making in a number of areas, including travel and transportation.
 - a) What are the specific responsibilities of OGP in issuing regulations?
 - b) What role will OGP have in carrying out the "top to bottom" review that you are conducting, and in implementing corrective actions that may come out of that review?
- 8) What are the procedures for the approval of travel by GSA employees?
 - a) Have these procedures been changed as a result of the IG report on the WRC?
 - b) How does GSA ensure that travel expenses reflect legitimate needs?
- 9) At times, the PBS Commissioner for Region 9, Jeff Neely, apparently approved his own travel because he was also serving as Acting Administrator for Region 9. Have you, or do you intend to, put in place procedures to ensure that employees, including those serving in "acting" positions, do not approve their own travel or other expenses, or to otherwise ensure that all employees' travel expenses are adequately reviewed?
- 10) In response to the IG on the WRC report, former Administrator Johnson said she was transferring a range of functions related to conferences and award ceremonies to the Office of Administrative Services (OAS), including oversight, review, approval and handling of procurement.
 - a) Is OAS now carrying out these functions for all of GSA (including PBS and FAS)?
 - b) What are the procedures in place to facilitate this oversight?
 - c) To whom does the head of OAS report?
- 11) Ms. Johnson also said that she would direct the CFO and the Senior Procurement Executive to review contracts and expenses associated with conferences.
 - a) Have these officials begun to review contracts and expenses associated with conferences?
 - b) What is the scope of their review?
 - c) What is the status of their review?
- 12) Ms. Johnson further indicated that the Office of Acquisition Policy, the Office of the General Counsel and OAS would develop mandatory annual training for all employees regarding conference planning and attendance.
 - a) Has such training been implemented?
 - b) If not, what is the expected timeline for implementing this action?

- 13) Several GSA employees told the IG that it was a running joke in Region 9 that they had to have “awards” so they could justify food paid for by taxpayers. In response to the IG’s investigation, Ms. Johnson indicated that the Chief Administrative Services Officer would review and approve any award ceremonies where food is provided by the federal government, and that this topic will be covered in mandatory training for supervisors and managers.
- Have these new review procedures been implemented? If not, when do you expect them to be implemented?
 - Has the training been implemented? If not, when do you expect it to be implemented?
 - What other actions, if any, have you taken or do you plan to take, to ensure that events are not improperly designated as award ceremonies in order to justify the purchase of food?
- 14) On November 9, 2011, President Obama issued Executive Order 13589, *Promoting Efficient Spending*. This executive order directed agencies to reduce certain administrative expenses (including travel, employee information technology devices, and promotional items) by not less than 20 percent below Fiscal Year 2010 levels, in Fiscal Year 2013. Please provide to the Committee a copy of any plan GSA has for meeting this target, as well as an update on whether GSA is on track to meet the target.
- 15) Executive Order 13589 also directed each agency to designate a senior-level official to be responsible for developing and implementing policies and controls to ensure efficient spending on travel and conference-related activities.
- Who has been designated to serve in this role at GSA?
 - To whom does this individual report?
- 16) The recent executive order also directed agencies to make all appropriate efforts to conduct business and host conferences in space controlled by the federal government, wherever practicable and cost-effective. As recently as March 2012, however, Region 9 employees attended an off-site leadership meeting in Napa Valley for approximately 80 people (at a reported cost of \$40,000). GSA employees in Region 9 also reported to the IG that GSA routinely paid for space for meetings when ample federal facilities in the Bay Area were available. What specific steps has GSA taken to follow the executive order’s direction on the use of government-controlled space?
- 17) The executive order also directed agencies to limit the purchase of promotional items such as plaques, clothing, and commemorative items. The IG found numerous instances of unnecessary and impermissible spending on such items in connection with the WRC (which took place roughly a year before the executive order), including a “yearbook” given to all attendees (\$8130), shirts for a teambuilding activity (\$3749), and commemorative coins (\$6325). What steps, if any, has GSA taken to carry out the provision of the executive order related to commemorative items?

- 18) Region 9 employees incurred significant travel costs in recent years, including a 17 day trip by Mr. Neely in February 2012 to Hawaii, Guam, and Saipan.
- a) Has GSA initiated a review of Region 9 travel during Mr. Neely's tenure?
 - b) If impermissible travel expenses are identified, will GSA consider cost recovery options?

Contracts

- 19) GSA originally contracted with the M Resort to pay a minimum of \$76,000 (with gratuity set at 22%) for the October 2010 WRC, but then agreed to increase this minimum to \$110,000 (\$134,200 with gratuity), as a "concession" for the M Resort to honor the government per diem for lodging. What safeguards will you put in place so that GSA does not offer "concessions" for a hotel to honor the per diem – a practice which is contrary to the very concept of a per diem?
- 20) The sole source award to M Resorts also raises concerns about GSA's use of exceptions to competition and documentation of sole source awards. Although a solicitation for conference sites was published by PBS in February 2009, a GSA contracting officer (who had not been involved in, and, inexplicably, was not aware of, the initial solicitation) wrote a memo dated September 29, 2010 justifying a sole source award to M Resorts because, according to the memo, the October 2010 WRC was a "very time sensitive procurement" and it "would have been a waste of government funds" to review the nine sites deemed to satisfy initial criteria.
- a) What steps are being taken (at headquarters and in the regions) to ensure controls are in place to avoid making inappropriate or unjustified sole source awards, and to promote the importance of competition?
 - b) What steps are being taken (at headquarters and in the regions) to ensure proper communications between program officials and contracting officers?
- 21) In response to the IG's report, Ms. Johnson indicated that the Office of Acquisition Policy would ensure that annual training courses are mandatory for contracting officers and event planners that are tasked with conference planning, contacting, and execution. She further assured the IG that unannounced and random procurement management reviews, under the direction of the Senior Procurement Executive, would be conducted at least quarterly.
- a) Have the training and the procurement management reviews been initiated? If not, when will they be initiated?
 - b) Will these procurement management reviews be conducted throughout GSA (i.e., at PBS, FSA and in the regions)?
 - c) Will the results of the procurement management reviews be incorporated into the performance evaluations and compensation decisions of procurement officials and their managers?
 - d) Were procurement management reviews previously conducted at the regional level?

- e) Please describe the results of any procurement management reviews conducted in Region 9 in the last five years.
- 22) The IG recommended that GSA determine whether it can recover funds from Royal Productions, based on the fact that GSA included the cost of rooms for the contractor's employees in the contract price and then provided free rooms to the contractor. The IG also recommended determining whether GSA can recover other funds improperly paid, such as meals for non-employees.
- Has GSA initiated action to recover these funds?
 - Beyond the April 13 letters to recover WRC funds for in-room parties from Mr. Bob Peck, Mr. Robert Shepard, and Mr. Jeff Neely, what other efforts are planned or being pursued now to recover any other impermissible WRC-related costs?
- 23) GSA contracting officers appear to have repeatedly failed to compete contracts awarded to MVP/Delta4, the teambuilding vendor used at the WRC. Between April 2009 and December 2010, MVP/Delta4 received PBS contracts valued at \$288,530 where there was no evidence of competition on file. Based on comments from the IG's interviews with employees, it appears MVP/Delta 4 may have had a favored relationship with Region 9. In addition, based on a review of MVP/Delta4's profit and loss by job statement for the one day teambuilding exercise contract (valued at \$75,000) for the WRC, they appear to have realized an excessive profit of 28 percent for this contract.
- What, if anything, is GSA doing to review past and current awards to this vendor for any improprieties?
 - What is GSA doing to emphasize the importance of competition in contracting with regional contracting staff?
- 24) Please provide a copy of GSA's policy on its contract officer warrant program.
- 25) The IG's WRC investigation suggests that there have been instances at GSA where individuals signed agreements above their warrant authority.
- How are contract officer warrants monitored and managed today?
 - Who is responsible for monitoring and managing contract officer warrants?
- 26) How many warranted contracting officers are in each GSA region?
- Of these contracting officers, how many work for PBS?
 - How many work for FAS?
- 27) What are GSA's certification requirements for contracting officers, and what are the requirements for continuing education of contracting officers, once certified?
- 28) We understand that GSA awarded a contract to Royal Productions in the amount of \$58,000 for audio-visual services at the WRC. Contracts of this size are reserved for small businesses, but Royal Productions is not considered a small business. What training do GSA contracting officers undergo on small business contracting rules?

- 29) What role does the GSA Chief Acquisition Officer (CAO) play in carrying out GSA's programs? The Services Acquisition Reform Act requires that each agency CAO "shall have acquisition management as that official's primary duty." (41 U.S.C. 414) It is our understanding that in recent years, the individual designated as the CAO has also served in other positions, such as Associate Administrator for the Office of Governmentwide Policy, White House Liaison, and Chief of Staff. Given that acquisition is integral to GSA's mission, how is it possible for an individual to fulfill the statutory duties of a CAO while also serving in other positions?
- 30) Under what circumstances, if any, does GSA's Office of General Counsel review a contract?
- 31) Do you believe that contracting officers should be independent of the control of program officials?
- 32) What is the role of the regional procurement officers?
- Are there regional procurement officers in place for each GSA region?
 - Do they report to the Regional Administrator or a senior procurement official at headquarters?

Relocation Expenses

- 33) The IG's investigative record includes comments from a GSA employee that relocation costs in Region 9 over the last few years were "crazy" and "astronomical." As an example, the employee cited GSA's payment of \$330,000 to relocate an employee from Denver to Hawaii who reportedly only stayed at GSA for one year. We understand that you have begun a review of employee relocations at government expense.
- What is the scope of this review?
 - Does the review include all GSA regions?
 - When will this review be complete?
 - We understand that all future relocations will be approved centrally by the Chief People Officer and the Chief Financial Officer. Has this central approval process been implemented? If not, when do you expect it will be implemented?

Purchase and Travel Cards

- 34) A number of instances of misuse of government purchase cards in Region 9 have come to light – an issue that is of particular concern because GSA is the agency that administers the purchase card program across the federal government. Most notably, Mr. Neely's deputy, Daniel Voll, pleaded guilty in April 2010 for embezzlement through fraudulent use of his government purchase card for personal use. In addition, the IG's review of the Region 9 employee awards "Hats Off" program found that two employees improperly allowed others to use their cards and they misused their cards by splitting purchases to avoid the cardholder purchase limits.

- a) What actions, if any, do you plan to take to ensure employees properly use their government purchase cards?
 - b) Are there audit processes in place to protect against purchase card abuses?
- 35) Please provide to the Committee GSA's written policies and procedures implementing Appendix B of OMB Circular A-123, as updated on January 15, 2009, which prescribes measures for agencies to take to reduce waste, fraud and error in government charge card programs.
- 36) Is GSA in compliance with the training requirements of Circular A-123 (requiring initial training for all purchase card holders and program managers, as well as refresher training, at a minimum, every three years)?
- 37) What is the current overall ratio of approving officials to purchase card holders within GSA?
- a) What is the ratio of approving officials to purchase card holders in PBS?
 - b) What is the ratio of approving officials to purchase card holders in FAS?
- 38) How many personnel actions has GSA taken in each of the last five years for violations of purchase and travel card rules?

Disciplinary Actions

- 39) Please provide the Committee with a detailed description of all disciplinary actions initiated against agency personnel for violations of federal laws or regulations or agency policies, in connection with the 2010 WRC. In answering this question, please construe the term "disciplinary action" broadly, to include any formal or informal actions taken by GSA in response to an incident of improper, inappropriate, or illegal behavior. With respect to each action, please detail the cause for the disciplinary action, the position and title of those involved, when the events at issue occurred, the specific disciplinary action taken, and the outcome of the action. If any investigations against additional individuals are ongoing, please indicate this as well.
- 40) We understand that approximately 50 people involved in the planning of WRC received bonus awards totaling \$35,500. Among those who reportedly received bonuses are several WRC core planning team members who are now subject to disciplinary action.
- a) Please provide the position and title for the approving official for each of the bonuses.
 - b) Was WRC planning a partial basis, or the sole basis, for these bonuses?
 - c) Are there are plans to review any of these bonuses in light of the findings of the IG's investigation?
 - d) What steps are you taking to ensure that GSA's awards programs are fair and consistent with statutory requirements and regulations on awards issued by the Office of Personnel Management?

Overall Cultural Issues

41) We often hear that GSA considers itself different from other agencies because, although part of its budget is appropriated, much of its operating budget comes from fees other federal agencies pay to GSA out of their own appropriated accounts in exchange for services GSA provides. GSA's employees, therefore, may be less conscious of budget constraints than agencies that rely on appropriations. What will you do to instill in the mindset of GSA employees that they are first and foremost the stewards of taxpayer dollars, whether that money comes directly to GSA or passes initially through other agencies?

We appreciate your cooperation and look forward to your timely response to our requests.

Sincerely,



Joseph I. Lieberman
Chairman



Susan M. Collins
Ranking Member



GSA Administrator

June 20, 2012

The Honorable Joseph I. Lieberman
Chairman, Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, DC 20510

The Honorable Susan M. Collins
Ranking Member, Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, D.C. 20510

Dear Chairman Lieberman and Senator Collins:

I am writing in response to your letter dated May 10, 2012, regarding the April 2, 2012, report by the U.S. General Services Administration's (GSA) Inspector General (IG) about the 2010 Western Regions Conference (WRC). As I testified in April and repeatedly stated since being appointed GSA Acting Administrator, the Administration was outraged by the waste and abuse associated with the 2010 WRC. This is why I am taking both strong action against the responsible officials in connection with that conference and taking steps to improve internal controls and oversight to ensure such abuses of taxpayer money never happen again.

Some of the key steps I have already taken include consolidating GSA conference oversight in the new Office of Administrative Services, bringing all Public Building Service regional budgets under the direct authority of GSA's Chief Financial Officer, and reviewing each planned future conference to make sure that it and any related travel is justified by a mission requirement. This has already led to the cancellation of 35 planned conferences, saving taxpayers over \$995,000. Additional changes include a top-to-bottom review which may result in changes to GSA's current regional structure.

In addition, along with other Federal agencies, GSA will implement the directives in the Office of Management and Budget memorandum of May 11, 2012, concerning agency travel and conferences. This includes decreasing spending on agency travel in fiscal year 2013 by 30 percent compared to fiscal year 2010; requiring review by the Deputy Administrator of any conference where the agency spending could exceed \$100,000; prohibiting the expenditure of more than \$500,000 on a conference unless the Administrator approves a waiver; and posting publicly each January on GSA's website

U.S. General Services Administration
1275 First Street, NE
Washington, DC 20417
www.gsa.gov

information on the prior year's conference spending, including descriptions of agency conferences that cost more than \$100,000.

Finally, with respect to the specific suggestions in your letter concerning review of past conference expenses and the granting of contract warrants, I have already begun to take action. In particular, the Office of the Chief Financial Officer is reviewing recent GSA conferences, including reviewing samples of travel vouchers of employees who have attended recent conferences to ensure that employees who received meals as part of a conference did not also claim per diem expenses for those meals; all per diem expenses for employees who attended the 2010 WRC are being so reviewed. As detailed in the enclosed answers, GSA has already initiated debt collection activity as appropriate in connection with the 2010 WRC, and if additional instances of improper payments are found, GSA will initiate debt collection activity in accordance with laws and regulations. With respect to contract warrants, GSA Senior Procurement Executive powers to revoke warrants in coordination with Heads of Contracting Activities (HCAs) have been clarified. GSA is also reducing the number of HCAs to enhance accountability and GSA is in the process of reviewing and strengthening the procedures, oversight, and training for warrant officers, as part of the comprehensive top-to-bottom agency review.

I very much appreciate your interest in GSA, and look forward to working with the committee as we move forward with our top-to-bottom review of this agency. We also continue to cooperate with the IG, which is in the process of further review and auditing of recent GSA conferences. Enclosed with this letter are attachments that I hope you find responsive to your inquiries.

Please let me know if we can provide any additional information. If you have any additional questions or concerns, please do not hesitate to contact me or Mr. Rodney P Emery, Associate Administrator, Office of Congressional and Intergovernmental Affairs, at (202) 501-0563.

Sincerely,



Dan Tangherlini
Acting Administrator

Attachments

Responses to Specific Questions in May 10, 2012 Letter

GSA Top to Bottom Review

1) You have testified that you are conducting a "top to bottom" review of GSA.

a) What is the scope of your review?

The top-to-bottom review is designed to address the full range of critical challenges and opportunities confronting GSA. It will include a review of each of GSA's eleven regions and every organizational unit included in GSA's top-level organizational structure. It will conclude with the development of recommendations and action plans around specific reform proposals to enhance the organization's ability to fulfill its mission of delivering savings to federal agencies.

b) What is the timeline for completing this review, including specific milestones and deliverables?

Although review of GSA structure and operations will be ongoing, our plan is for the review to be completed in September of this year as part of the 2014 budget process. Deliverables will include specific, actionable recommendations and action steps to reform GSA to better meet its purpose of delivering efficiency and savings to federal agencies and the American taxpayers.

c) Who is responsible for this review, including seeing that the milestones are reached?

I am heading the review and leading the discussions involving specific organizational components. Kevin Donahue, Senior Advisor to the Acting Administrator, is responsible for managing the project and organizing component reviews. His work is aided by support from my senior team.

d) Please provide us an update on the review no later than June 15, and a report of your findings as soon as the report is complete.

GSA has already provided briefings for the Committee staff from GSA officials directly involved in the review and will work with the Committee to schedule additional briefings and reporting to the Committee.

1

Financial Controls Over GSA's Regions

- 2) **We have learned through the WRC investigation that there appears to have been inadequate supervision of regional office spending by GSA headquarters.**
- a) **Since being appointed Acting Administrator, what changes, if any, have you made to ensure that GSA headquarters exercises appropriate oversight over regional office spending and that regional offices are held more accountable for their spending of taxpayer dollars?**
 - b) **Since being appointed Acting Administrator, what changes, if any, have you made to the authorities of the GSA CFO and to the authorities of the regional CFOs to improve oversight of and accountability for regional office spending?**

On April 15, 2012, I signed a GSA Order that centralized Public Building Service (PBS) budget and financial management under the GSA Office of the CFO. As a result, the PBS budget and financial management divisions in the headquarters office and in each of the regions now report to the GSA CFO through the new Office of PBS Financial Services. The purpose of the realignment is to improve oversight, controls, and accountability of PBS budget and financial management operations.

The top-to-bottom review will assess the impact on the three areas of internal control: operations, financial reporting, and compliance with laws and regulations. The purpose of the review is to ensure that (1) key controls in existing functions and processes remain effective in the new organizational structure, (2) the new control environment includes adequate delegations of authority and approval protocols to ensure accountability over operations and assets, (3) reporting lines of communication continue to provide reliable financial data and information for reporting, and (4) areas for improvement in efficiency and effectiveness of budgetary and financial management and operations are identified and implemented.

The top-to-bottom review of all GSA operations will also help identify efficiencies, opportunities for cost savings, and ways to increase organizational effectiveness.

- 3) **At the time of the 2010 WRC, what were the procedures for the development and approval of the budgets for GSA's regional offices?**
- a) **At that time, did those procedures differ for PBS and the Federal Acquisition Services (FAS)?**

Before the April 2012 realignment of the PBS financial management operations, each PBS regional office submitted annual funding requirements for its operating costs, including personnel costs, cleaning/maintenance/utility costs, and other support costs to the PBS Headquarters Financial Office. If the regional request was reasonable given

past obligation patterns, building inventory changes, and changes in onboard employee levels, the PBS Headquarters Financial Office provided the requested funding to each region. Each region then submitted a budget plan at the provided funding level allocated in spending categories and explained monthly variances that were 15 percent above or below the plan. While the PBS Headquarters Financial Office monitored each region's spending, the Regional Commissioners had the authority to manage their regional budgets within the total allowed funding.

PBS and FAS did have different budget development procedures. The FAS budget process is a top-down process managed by the FAS Office of the Controller and overseen by the FAS Commissioner. Each of the four major business lines within FAS submit requests for increases or decreases to its baseline budget. The business cases are reviewed and approved by FAS leadership, and the final FAS budget request is approved by the FAS Commissioner. At the beginning of the fiscal year the FAS Controller issues the approved budgets to each region and monitors the actual spending against the budget throughout the year and provides monthly status reports to the FAS Commissioner and FAS Assistant Commissioners. Although budget approval changes have already been made, this issue also will be considered in the top-to-bottom review.

b) What changes have been made to those procedures since the 2010 WRC?

As described in response to question 2, PBS budget and financial management have been centralized under the GSA CFO. As a part of the same directive, FAS will also be centralized by the end of the calendar year. As a result, the PBS budget and financial management divisions in the headquarters office and in each of the regions now report to the GSA CFO through the new Office of PBS Financial Services. Therefore, the regional budget and financial management directors now report to the Office of PBS Financial Services in the GSA CFO's office, rather than reporting to the Regional Commissioners. The purpose of the realignment is to improve oversight, controls, and accountability of PBS budget and financial management operations.

Conferences, Travel, and Award Ceremonies

4) What are the current procedures for the approval of GSA-sponsored conferences?

All requests for GSA sponsored conferences must be submitted in writing to the Office of Administrative Services (OAS) from the Heads of Services and Staff Offices (HSSO) and Regional Administrators (RA) for review and approval prior to the obligation of funds. The Office of the Chief Financial Officer (OCFO) approves conferences for OAS. In addition, GSA's Deputy Administrator must approve all conferences where expenses will be in excess of \$100,000 regardless of funding source. Conferences where expenses will be in excess of \$500,000 will require a waiver and approval by the GSA Administrator.

All conference requests must include the following detailed information: the purpose of the conference and how it relates to the mission of GSA; estimated attendees with a breakout by GSA employees, other government employees, and contract employees; itemization of fees and costs (including travel, lodging and per diem); justification for using non-government facilities; justification as best value to the government; and expected outcomes. GSA offices are required to submit a final report to OAS within 60 days after the conference ends. GSA has developed a form (Attachment A) for submission of these requests, and is in the process of creating an electronic tool for submission, review, approval, tracking and reporting of GSA-sponsored conferences.

Included with these answers are specific documents connected with these new procedures, including:

- o Attachment A, Form for approval of conferences;
- o Attachment B, Form for approval of award ceremony with food;
- o Attachment C, Form for waiver to host internal management meeting involving travel;
- o Attachment D, Memo from Acting Administrator Dan Tangherlini on restrictions on conferences and travel dated 4/19/12;
- o Attachment E, Instructional Letter from Acting Administrator Tangherlini on new conference and travel policies dated 4/15/12;

5) What is the role of the GSA Office of General Counsel in reviewing proposed conferences?

Currently, there is no specific requirement in statute, regulation, or GSA's current Legal Review Order for legal review of proposed conferences. However GSA's Legal Review Order and OGC's role in reviewing conferences will be revisited as part of the top-to-bottom review. The Office of General Counsel (OGC) has historically provided counsel in connection with proposed conferences or conference attendance when asked. Since learning of the issues identified in the Inspector General's Report on the Western Regions Conference, OGC has worked steadily with agency officials in reviewing various scheduled upcoming conferences to address any legal issues presented, and OGC will continue to do so.

6) The former Region 9 CFO told IG investigators that she was concerned about expenses incurred for the WRC, and general conference planning and travel in Region 9, and that she had requested guidance from GSA headquarters. Specifically, she said that she contacted the former PBS CFO and subsequent PBS CFO about tightening up guidance at the national level for conference planning. What steps, if any, did GSA take in response to this request?

Since none of the persons involved are currently employed by GSA, this information is not currently available. As mentioned above, policies implemented on April 15, 2012 preclude the expenditures made for the WRC in future conferences.

7) The Office of Governmentwide Policy (OGP) is responsible for policy making in a number of areas, including travel and transportation.

a) What are the specific responsibilities of OGP in issuing regulations?

OGP maintains a number of responsibilities for issuing regulations. On behalf of the GSA Administrator, OGP issues and maintains the Federal Acquisition Regulation (FAR) jointly with the Department of Defense (DoD) and the National Aeronautics and Space Administration (NASA) and with approval of the Office of Federal Procurement Policy (OFPP). Additionally, OGP maintains and issues the Federal Management Regulation (FMR) and the Federal Travel Regulation (FTR). Collectively, these regulation responsibilities cover the program areas of acquisition, personal and real property, travel, relocation, and transportation. OGP ensures that the regulations incorporate the requirements of federal laws, Executive Orders, and other policy mandates. Ultimately, these regulations are aimed at enabling effective and efficient delivery of federal missions.

Beyond issuing mandatory regulations through the FAR, FTR, and FMR, OGP also uses evidence-based policies, tools, best practices, standards, guidance, certifications, and oversight to influence other Federal agencies in driving and improving effectiveness, efficiency, sustainability, and security in mission delivery. The evidence-based policies developed by OGP often become formal rules and regulations through the Federal rulemaking process.

Finally, GSA develops its own, internal regulations through the General Services Acquisition Regulation (GSAR). The GSAR implements the FAR at GSA while also implementing regulations governing the Schedules, Leasing, Assisted Acquisitions, and other programs at GSA.

b) What role will OGP have in carrying out the "top to bottom" review that you are conducting, and in implementing corrective actions that may come out of that review?

OGP is fully participating in the top-to-bottom review—responding to all requests for information and analysis from the Acting Administrator. More specifically, OGP's Office of Acquisition Policy (OAP) is conducting reviews and taking steps to ensure that contracting procedures and regulations have been and continue to be adhered to and that proper oversight and accountability structures are in place.

8) What are the procedures for the approval of travel by GSA employees?

5

Effective April 15, 2012, travel related to training and official business must be approved by the appropriate Head of a Service or Staff Office (HSSO) (for example, the head of PBS or FAS) or Regional Administrator (RA). Travel that involves conferences, award ceremonies with food and internal management meetings cannot occur until the event has been approved by the required officials.

The process for approving travel is also automated in GSA's E-Gov travel system. Employees create a trip or open authorization with pertinent details, and the document is electronically routed to one or more management levels within GSA for approval. Once approved, the employee can create travel reservations in the E-Gov travel system.

a) Have these procedures been changed as a result of the IG report on the WRC?

Yes. GSA Executives have been directed to close or reduce the use of open authorizations and approve travel on a trip by trip basis.

In addition, travel related to training and official business must be approved by the HSSO and RAs. Travel that involves conferences, award ceremonies with food and hosting internal management meetings require approval by HSSOs and RAs prior to submission to OAS and the Deputy Administrator for approval. All requests must detail all attendees, the purpose of the meeting and how it relates to the mission of GSA, all costs, and expected outcomes (Attachments A-C).

b) How does GSA ensure that travel expenses reflect legitimate needs?

Each manager is responsible for ensuring that all travel expenses are authorized in accordance with the Federal Travel Regulation (FTR), GSA's internal travel policy and meets legitimate business needs. The E-Gov travel system has been configured to conform to the FTR and internal travel policy. Managers are responsible for reviewing and approving all travel orders and all vouchers prior to reimbursement. Since April 16, 2012, only travel related to mission operations may occur with prior approval. Travel associated with conferences requires prior approval from OAS and travel associated with hosting internal management meetings requires prior approval from the Deputy Administrator.

In addition, GSA has recently issued guidance (Attachments D and E) to ensure that travel expenses meet legitimate business needs. Managers have been advised to first consider alternatives to travel such as video conferencing or telepresence. Travel for conferences must meet the following criteria:

- Meeting with GSA vendors and the public;
- Working as GSA operational support for the conference;
- Providing training or speaking related to GSA's mission;

- Fulfilling legitimate training requirements directly related to their job functions;
- Limiting attendance to the amount of time required to carry out business activity; and
- Minimizing costs and complying with all per diem and ethics policies.

- 9) **At times, the PBS Commissioner for Region 9, Jeff Neely, apparently approved his own travel because he was also serving as Acting Administrator for Region 9. Have you, or do you intend to, put in place procedures to ensure that employees, including those serving in "acting" positions, do not approve their own travel or other expenses, or to otherwise ensure that all employees' travel expenses are adequately reviewed?**

In the past, many GSA employees had annual blanket travel authorizations, limiting the need for trip by trip travel approval. The Office of Administrative Services advised that all such annual blanket travel authorizations should be removed. As a result of this change, GSA's E-Gov travel system will be fully utilized, and that system is configured so that individuals cannot approve their own travel authorization and travel expense voucher. GSA is also looking at additional possible controls as part of the top-to-bottom review.

- 10) **In response to the IG on the WRC report, former Administrator Johnson said she was transferring a range of functions related to conferences and award ceremonies to the Office of Administrative Services (OAS), including oversight, review, approval and handling of procurement.**

- a) **Is OAS now carrying out these functions for all of GSA (including PBS and FAS)?**

Yes. OAS is carrying out these functions for all of GSA, including PBS and FAS

- b) **What are the procedures in place to facilitate this oversight?**

All GSA offices must submit written requests for conferences, award ceremonies with food, and internal management meetings that involve travel to OAS for review and approval prior to any obligation of funds. OAS consults with the Office of General Counsel and the Office of Chief Financial Officer as necessary. The requestor must provide detailed expense information and include a business justification that demonstrates how this activity relates to the mission of GSA and represents best value to the government. Once conferences are approved, OAS is responsible for all related procurement activity (see Attachments A- E).

- c) **To whom does the head of OAS report?**

The head of the OAS (Chief Administrative Services Officer) reports to the GSA Administrator.

11) Ms. Johnson also said that she would direct the CFO and the Senior Procurement Executive to review contracts and expenses associated with conferences.

a) Have these officials begun to review contracts and expenses associated with conferences?

Yes. The Procurement Management Review (PMR) Division within OGP's Office of Acquisition Policy (OAP) has started to review contracts and expenses associated with conferences across GSA. The PMR Division is reviewing selected conference files as a part of reviews already scheduled for the remainder of this fiscal year. The CFO has also begun and will continue the review potentially wasteful or unlawful spending associated with conferences.

b) What is the scope of their review?

The review prioritizes conferences that incurred space and travel expenses and had high dollar values. Conference file reviews are conducted by examining documentation for compliance with GSA internal regulations as well as government-wide Federal Acquisition Regulations (FAR) and Federal Travel Regulations (FTR) for conference planning that were current at the time of the procurement/conference. This includes review of internal emails, correspondence, justifications, and contracts with hotels and vendors. It also includes a review of travel expenses, which is conducted in collaboration with the Office of the CFO.

c) What is the status of their review?

The review is ongoing.

12) Ms. Johnson further indicated that the Office of Acquisition Policy, the Office of the General Counsel and OAS would develop mandatory annual training for all employees regarding conference planning and attendance.

a) Has such training been implemented?

No. GSA has formed a project team and is in the process of developing the training.

b) If not, what is the expected timeline for implementing this action?

GSA anticipates that training will be ready for deployment by July 2012.

13) Several GSA employees told the IG that it was a running joke in Region 9 that they had to have "awards" so they could justify food paid for by taxpayers. In response to the IG's investigation, Ms. Johnson indicated that the Chief Administrative Services Officer would review and approve any award ceremonies where food is provided by the federal government, and that this topic will be covered in mandatory training for supervisors and managers.

a) Have these new review procedures been implemented? If not, when do you expect them to be implemented?

Yes, OAS began reviewing and approving requests on April 16, 2012, for GSA award ceremonies where food is provided.

b) Has the training been implemented? If not, when do you expect it to be implemented?

The training has not been implemented as yet. GSA anticipates that training will be ready for deployment by July 2012.

c) What other actions, if any, have you taken or do you plan to take, to ensure that events are not improperly designated as award ceremonies in order to justify the purchase of food?

GSA's policy on management and approval of conferences and award ceremonies now specifies that an award is a monetary or non-monetary recognition of a significant achievement by an employee or group of employees presented in accordance with the GSA awards policy (see Attachment E). OAS consults with the Office of General Counsel as necessary to ensure that events are not improperly designated.

14) On November 9, 2011, President Obama issued Executive Order 13589, *Promoting Efficient Spending*. This executive order directed agencies to reduce certain administrative expenses (including travel, employee information technology devices, and promotional items) by not less than 20 percent below Fiscal Year 2010 levels, in Fiscal Year 2013. Please provide to the Committee a copy of any plan GSA has for meeting this target, as well as an update on whether GSA is on track to meet the target.

GSA believes it is on track to meet this target. The Plan submitted to OMB is attached as Attachment H. In addition, all of these topics are being reviewed as part of the top-to-bottom review.

15) Executive Order 13589 also directed each agency to designate a senior-level official to be responsible for developing and implementing policies

and controls to ensure efficient spending on travel and conference-related activities.

a) Who has been designated to serve in this role at GSA?

The Chief Administrative Services Officer has been delegated responsibility for developing and implementing policies and controls to ensure efficient spending on travel and conference-related activities.

b) To whom does this individual report?

The Chief Administrative Services Officer reports to the GSA Administrator.

- 16) The recent executive order also directed agencies to make all appropriate efforts to conduct business and host conferences in space controlled by the federal government, wherever practicable and cost-effective. As recently as March 2012, however, Region 9 employees attended an off-site leadership meeting in Napa Valley for approximately 80 people (at a reported cost of \$40,000). GSA employees in Region 9 also reported to the IG that GSA routinely paid for space for meetings when ample federal facilities in the Bay Area were available. What specific steps has GSA taken to follow the executive order's direction on the use of government-controlled space?

GSA has mandated the use of government-controlled space for conferences when practicable, cost effective, and within commuting distance of most of the attendees (see Attachment E). If government facilities are not used, the conference or meeting request must include a proper business justification. None of these types of conferences, events or meetings can be scheduled without approval outside of the organization involved.

- 17) The executive order also directed agencies to limit the purchase of promotional items such as plaques, clothing, and commemorative items. The IG found numerous instances of unnecessary and impermissible spending on such items in connection with the WRC (which took place roughly a year before the executive order), including a yearbook" given to all attendees (\$8130), shirts for a teambuilding activity (\$3749), and commemorative coins (\$6325). What steps, if any, has GSA taken to carry out the provision of the executive order related to commemorative items?

By GSA Instructional Letter dated April 15, 2012, GSA reiterated and clarified its longstanding policy regarding the purchase of promotional and memento items, and stated that GSA funds cannot be used to provide memento items such as souvenirs, keepsakes, or as informal appreciation to employees or others (see Attachment E).

18) Region 9 employees incurred significant travel costs in recent years, including a 17 day trip by Mr. Neely in February 2012 to Hawaii, Guam, and Spain.

a) Has GSA initiated a review of Region 9 travel during Mr. Neely's tenure?

GSA has initiated a review of the travel throughout the agency, including region 9.

b) If impermissible travel expenses are identified, will GSA consider cost recovery options?

GSA will explore all recovery mechanisms legally available for any impermissible travel expenses.

Contracts

19) GSA originally contracted with the M Resort to pay a minimum of \$76,000 (with gratuity set at 22%) for the October 2010 WRC, but then agreed to increase this minimum to \$110,000 (\$134,200 with gratuity), as a "concession" for the M Resort to honor the government per diem for lodging. What safeguards will you put in place so that GSA does not offer "concessions" for a hotel to honor the per diem - a practice which is contrary to the very concept of a per diem?

As attachment E illustrates, on April 15, 2012, GSA instituted policies to strengthen internal controls for conferences. Specifically, GSA established a centrally-managed, agency-wide process to request, review, approve and contract for all future conferences. The new process will:

- Centrally validate conference requirements in the recently established Office of Administrative Services;
- Centrally procure conference services using a consistent approach with respect to government best interest and pricing; and
- Continue training that emphasizes and clarifies procedures on improper contracting processes, including the use of "concessions" to achieve per diem rates in procurement instruments.

20) The sole source award to M Resorts also raises concerns about GSA's use of exceptions to competition and documentation of sole source awards. Although a solicitation for conference sites was published by PBS in February 2009, a GSA contracting officer (who had not been involved in, and, inexplicably, was not aware of, the initial solicitation) wrote a memo dated September 29, 2010 justifying a sole source award to M Resorts because, according to the memo, the October 2010 WRC was a "very time

sensitive procurement" and it "would have been a waste of government funds" to review the nine sites deemed to satisfy initial criteria.

- a) What steps are being taken (at headquarters and in the regions) to ensure controls are in place to avoid making inappropriate or unjustified sole source awards, and to promote the importance of competition?**

GSA strives to maximize competition to the fullest extent possible and has a network of Competition Advocates (CA) across GSA to promote competitive acquisition practices. The Director of the Office of General Services Acquisition Policy, Integrity and Workforce (MVA) within OGP (Senior Executive Position) serves as the Agency's CA at the highest strategic level. A national competition advocate supports the FAS and PBS, respectively, and works with the OGP in fostering competition. Each Regional Office has its own local Competition Advocate, generally one for each Service (FAS and PBS). Each advocate supports the acquisition workforce, including contracting officers, project managers, contracting officer representatives and small business utilization specialists. CAs are responsible for promoting the acquisition of commercial items; promoting full and open competition; ensuring requirements are stated in terms of functions to be performed; and challenging unnecessarily restrictive requirements, specifications, or burdensome contract clauses. The entire competition network works to advance competition both with programs and among contracting personnel.

To increase the number of non-competitive actions reviewed by CAs, the agency is examining lowering the CA Non-Competitive review threshold to encompass lower dollar value actions. This move would provide increased oversight of sole source contracts. GSA will also form a CA workgroup to enhance communication among the CA network and to drive consistent competition practices across the agency.

GSA has worked diligently to reduce high risk contracting, including sole source awards, as documented in the annual CA report. GSA will enhance efforts to educate the acquisition workforce about the importance of competition and the proper protocols for non-competitive acquisition. In addition, the Procurement Management Review (PMR) Division will continue to focus reviews on sole source awards to ensure that proper procedures are followed and will seek corrective action if and as needed. This issue will also be considered in the ongoing top-to-bottom review.

- b) What steps are being taken (at headquarters and in the regions) to ensure proper communications between program officials and contracting officers?**

GSA uses its network of CAs to ensure proper communications with and among program officials and contracting offices. GSA will enhance its existing network of competition advocates to promote higher levels of focus and awareness on the importance of competition and minimizing high risk contracts. GSA will implement a

community of practice for CAs and will develop and issue resources and tools to facilitate PMRs.

21) In response to the IG's report, Ms. Johnson indicated that the Office of Acquisition Policy would ensure that annual training courses are mandatory for contracting officers and event planners that are tasked with conference planning, contacting, and execution. She further assured the IG that unannounced and random procurement management reviews, under the direction of the Senior Procurement Executive, would be conducted at least quarterly.

a) Have the training and the procurement management reviews been initiated? If not, when will they be initiated?

Based on the recent GSA conference Instructional Letter issued on April 15, 2012 (Attachment E), the GSA Central Office Contracting organization is now the sole acquisition unit authorized to procure conference services on behalf of the agency. Central Office Contracting has developed conference procurement procedures and conducted training with Supervisory Team Leaders. A meeting to train the entire staff on conference procurement procedures has occurred. Also, the Procurement Management Review (PMR) Division within OGP's Office of Acquisition Policy (OAP) has started to reviews contracts and expenses associated with conferences across GSA. The PMR Division is reviewing selected conference files as a part of reviews already scheduled for the remainder of this fiscal year.

b) Will these procurement management reviews be conducted throughout GSA (i.e., at PBS, FSA and in the regions)?

Yes, PMRs will be conducted throughout GSA and will include PBS, FAS, and the regions through the end of the Fiscal Year. On April 15, 2012 GSA instituted policies to strengthen conference internal controls. The policy established an agency-wide central process to request, review, approve and contract for all future conferences. Going forward, the GSA Office of Administrative Services will have the sole authority to review and approve conference procurements. Procurement Management Reviews will focus on evaluating whether conference awards/procurements followed proper procedures.

c) Will the results of the procurement management reviews be incorporated into the performance evaluations and compensation decisions of procurement officials and their managers?

Yes. The results of the PMRs will be shared with the Heads of Contracting Authority (HCA), whose responsibility it is to ensure findings are resolved and that appropriate

management attention is applied to include personnel decisions and actions as well as internal controls.

d) Were procurement management reviews previously conducted at the regional level?

Yes, procurement management reviews have been conducted at the regional level since 2006. However, the scope had not included review of conferences until the April 15, 2012, policy change (Attachment E).

e) Please describe the results of any procurement management reviews conducted in Region 9 in the last five years.

In PBS Region 9 the following recommendations have been made in recent PMR's:

- Organize the contracting functions within the regions in a manner that will improve the quality and consistency of executing acquisition activities and the management controls and oversight for providing adequate separation of duties between program and contracting functions.
- Bolster contracting expertise in the organization to address observed weaknesses in assessment of needs, which includes establishing a scope of work/scoring; conducting analysis, negotiations, inspection and acceptance; managing contractor performance; preparing and executing award documents; conducting responsibility determinations; and ensuring data quality.
- Exercise greater control in managing the warrant program and cure inadequate management oversight of the contracting activities and weak accountability structures.
- Improve management of the acquisition workforce by developing and implementing tools such as: Workload Assessments, Human Capital Strategic Plans, Succession Plans and meaningful Performance Plans.
- Clarify roles and responsibilities of acquisition workforce and the management chain of command.

22) The IG recommended that GSA determine whether it can recover funds from Royal Productions, based on the fact that GSA included the cost of rooms for the contractor's employees in the contract price and then provided free rooms to the contractor. The IG also recommended determining whether GSA can recover other funds improperly paid, such as meals for non-employees.

- a) Has GSA initiated action to recover these funds?
- b) Beyond the April 13 letters to recover WRC funds for in-room parties from Mr. Bob Peck, Mr. Robert Shepard, and Mr. Jeff Neely, what other efforts are planned or being pursued now to recover any other impermissible WRC-related costs?

Yes, GSA sought and received repayment from Royal Productions for the overpayment of travel costs. On April 17, 2012, Royal Productions issued a check for \$1,962.00. GSA has also followed up on the April 13, 2012, letters to Mr. Peck, Mr. Shepard and Mr. Neely with formal demand letters dated May 11, 2012, for payment of the costs of the in-room parties. Mr. Shepard repaid the amount demanded of him, \$922.90, on May 24, 2012. Mr. Peck repaid the amount demanded of him, \$1,960.00 on June 13, 2012. GSA also withheld \$2,717.09 from Jeff Neely's final lump sum annual leave payment. In addition, GSA continues to review invoices related to the WRC and is preparing to request repayment for the costs of meals for non-employees. GSA will also consider disciplinary action where appropriate.

23) GSA contracting officers appear to have repeatedly failed to compete contracts awarded to MVP/Delta4, the teambuilding vendor used at the WRC. Between April 2009 and December 2010, MVP/Delta4 received PBS contracts valued at \$288,530 where there was no evidence of competition on file. Based on comments from the IG's interviews with employees, it appears MVP/Delta 4 may have had a favored relationship with Region 9. In addition, based on a review of MVP/Delta4's profit and loss by job statement for the one day teambuilding exercise contract (valued at \$75,000) for the WRC, they appear to have realized an excessive profit of 28 percent for this contract.

a) What, if anything, is GSA doing to review past and current awards to this vendor for any improprieties?

Unlike Royal Productions, OIG did not make specific recommendations concerning MVP/Delta4. GSA is not aware of what activity the OIG may be engaged in relating to this vendor. GSA's PBS Procurement Office and OGC are reviewing awards to this vendor between 2009 and 2011.

b) What is GSA doing to emphasize the importance of competition in contracting with regional contracting staff?

This issue is also included in the top-to-bottom review. GSA plans to enhance its education of the acquisition workforce about the importance of competition. Efforts will include seminars conducted at regional locations during PMR site visits. GSA will establish a procurement competition performance measure, which will be tracked quarterly on a regional basis to place an agency-wide emphasis on the importance of competition.

24) Please provide a copy of GSA's policy on its contract officer warrant program.

GSA's current policies with respect to the officer warrant program are attached as Attachments I-N.

25) The IG's WRC investigation suggests that there have been instances at GSA where individuals signed agreements above their warrant authority.

a) How are contract officer warrants monitored and managed today?

The Warrant Process is managed by Heads of Contracting Activities (HCA) through the Contracting Officers' Warrant Boards. Each board reviews and ultimately selects contracting officers, in accordance with GSA policy. Each board is charged to keep and maintain an updated Contracting Officers warrant log that contains appropriate files on all current and active Contracting Officers. However, the warranting boards' process has been unevenly implemented throughout the regions. GSA plans to strengthen its oversight of boards and to promote consistency in application of standards and adherence to processes. This issue is also being considered as part of the top-to-bottom review process.

OGP requests quarterly reports based on the warrant logs and conducts periodic reviews of warrant files to ensure compliance with corresponding policy.

b) Who is responsible for monitoring and managing contract officer warrants?

Contracting warrants are monitored and managed by the Heads of Contracting Activity (HCA) and their designees, which are typically Regional Procurement Officers (RPO). Each HCA is responsible for oversight of all personnel and acquisition transactions executed under their delegated warrant authority. At the regional level, Regional Commissioners serve as the HCA.

26) How many warranted contracting officers are in each GSA region?

a) Of these contracting officers, how many work for PBS?

b) How many work for FAS?

	FAS	PBS	Total
Region 1	5	47	52
Region 2	32	140	172
Region 3	74	115	189
Region 4	55	96	151
Region 5	14	173	187
Region 6	99	61	160
Region 7	126	115	241
Region 8	16	77	93
Region 9	72	134	206
Region 10	41	38	79
Region 11	16	98	114
FAS and PBS Central Office	319	14	333
GSA Headquarters Contracting Division	N/A	N/A	15
Total	869	1108	1992

27) What are GSA's certification requirements for contracting officers, and what are the requirements for continuing education of contracting officers, once certified?

The table below outlines the experience, training, and continued education requirements of contracting officers.

Education	Experience	Training	FAC-C Level
High School Diploma	At least 1 year of current (within the last 3 years) purchasing/contracting experience.	CON 237 GSA Purchase Card Training	n/a
4-year course of study leading to a bachelor's degree OR At least 24 semester hours from among the following disciplines: accounting, business, finance, law, contracts, purchasing, economics, industrial management, marketing, quantitative methods, or organization and management.	At least 1 year of contracting experience.	Core Courses CON 100 CON 110 CON 111 CON 112 CON 120 (or equivalents/predecessors) 1 Elective 80 CLPs every 2 years	Level I
4-year course of study leading to a bachelor's degree OR At least 24 semester hours from among the following disciplines: accounting, business, finance, law, contracts, purchasing, economics, industrial management, marketing, quantitative methods, or organization and management.	At least 2 years of contracting experience.	Core Courses All Level I Training CON 214 CON 215 CON 216 CON 217 CON 218 (or equivalents/predecessors) 2 Electives 80 CLPs every 2 years	Level II
4-year course of study leading to a bachelor's degree OR is	At least 4 years of	Core Courses All Level I and II Training	Level III

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supplemented with at least 24 semester hours from among the following disciplines: accounting, business, finance, law, contracts, purchasing, economics, industrial management, marketing, quantitative methods, or organization and management.	contracting experience.	CON 353 (or equivalents/ predecessors) 2 Electives. 80 CLPs every 2 years	
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28) We understand that GSA awarded a contract to Royal Productions in the amount of \$58,000 for audio-visual services at the WRC. Contracts of this size are reserved for small businesses, but Royal Productions is not considered a small business. What training do GSA contracting officers undergo on small business contracting rules?

GSA contract specialists are required to complete a rigorous curriculum of training to prepare them for delegation of contracting authority. This includes training on small business contracting rules. Contracting specialists must successfully complete specified courses as well as continuous training throughout their career with GSA.

Specified training on small business contracting rules includes:

- CON 100: Shaping Smart Business Arrangements
- CON 112: Mission Performance Assessment
- CON 214: Business Decisions for Contracting
- CON 217: Cost Analysis and Negotiating Techniques

Contract specialists and contracting officers also receive training on small business contracting rules from the Small Business Administration (SBA) and the GSA Office of Small Business Utilization (OSBU).

Courses and presentations offered by OSBU in FY 2011 and FY 2012 have included:

- Electronic Subcontracting Reporting System (eSRS) Training, covering individual subcontracting reports and summary subcontracting reports;
- Small Business Program Parity: Where Do We Go From Here?
- Women Owned Small Business New Initiative—covering subcontracting for the prime contractor and the contracting officer
- Overview of Small Business Programs and Contracting with Service-Disabled Veteran-Owned Small Business (SDVOSB)
- Update on the Small Business Jobs Act
- Understanding the GSA Mentor-Protégé Program
- Understanding the Non-Manufacturer Rule
- SDVOSB Training
- Woman-Owned Small Business Program Training (in partnership with SBA)

In addition to these training offerings and presentations, GSA's OSBU is working to enhance its internal website to include more guidance and resource materials on training, online discussions, and collaboration events. The issue of training and guidance provided to contracting officers is also being considered as part of the top-to-bottom review.

29) What role does the GSA Chief Acquisition Officer (CAO) play in carrying out GSA's programs? The Services Acquisition Reform Act requires that each agency CAO "shall have acquisition management as that official's primary duty." (41 U.S.C. § 414) It is our understanding that in recent years, the individual designated as the CAO has also served in other positions, such as Associate Administrator for the Office of Governmentwide Policy, White House Liaison, and Chief of Staff. Given that acquisition is integral to GSA's mission, how is it possible for an individual to fulfill the statutory duties of a CAO while also serving in other positions?

The GSA Chief Acquisition Officer (CAO) fulfills the duties outlined in the Services Acquisition Reform Act (SARA). Since the enactment of SARA, GSA has always and will continue to take very seriously the need for a dedicated and qualified CAO. At the present time, GSA has an Acting CAO who reports directly to the Acting Administrator.

In addition, in order to support the important duties of the CAO, GSA has a Senior Procurement Executive, (a full-time career Senior Executive Service position) who serves as the Deputy CAO.

30) Under what circumstances, if any, does GSA's Office of General Counsel review a contract?

GSA's Office of General Counsel reviews various contracting actions as provided by the Federal Acquisition Regulation, the General Services Acquisition Manual, GSA's Legal Services Order, and other internal agency policies. Part 507.104 of the General Services Acquisition Manual requires consultation with OGC on acquisition plans over \$20 million, and otherwise on an as-needed basis. GSA's Legal Review Order does not specifically require OGC review of contracts, but does encourage legal review "where the exercise of sound business judgment suggests that consultation with counsel is appropriate." It should be noted that GSA's Legal Review Order is currently under revision, and OGC's role in reviewing contracts will be revisited as part of that review.

OGC regularly provides review of contract actions, both pre-award as well as on-going review of procurement actions, as requested by clients. Regarding proposed contract awards, with respect to assisted acquisitions conducted by the FAS, pursuant to FAS policy, generally speaking legal review is conducted for the following:

- New contract awards above \$5 million;

- Actions that will result in the award of blanket purchase agreements (BPAs) valued above \$5 million against GSA Schedules;
- Actions that will result in the issuance of a task/delivery order that contains leasing provisions, regardless of dollar value; and
- Actions that will result in the issuance of a task order/delivery order under existing contract vehicles (i.e., Governmentwide Acquisition Contracts (GWACs), multiple award indefinite delivery, indefinite quantity contracts (MAIDIQs), and GSA Schedules) valued above \$5 million.

In addition, GSA's Office of General Counsel reviews various other proposed contract awards as GSA contracting personnel regularly request assistance from OGC, even when not required to do so.

31) Do you believe that contracting officers should be independent of the control of program officials?

Yes. The vast majority of GSA Acquisition Activities are organized to operate independently of program officials. Pursuant to the top-to-bottom review, in the coming months, GSA will consider ensuring that acquisition organizations not currently structured in this way make the transition to a central group that is independent of the program office.

32) What is the role of the regional procurement officers?

a) Are there regional procurement officers in place for each GSA region?

Yes. Regional Procurement Officers (RPOs) typically serve as the primary point of contact for the PBS Office of Acquisition Management within each of eleven regions. RPOs provide regional program management—overseeing capacity planning by identifying training needs; reviewing warrant requirements (number and level); engaging in succession planning; providing technical reviews; preparing, executing, and following through on Procurement Management Reviews results and recommendations performed by the Chief Acquisition Officer; collaborating on PBS acquisition policies, changes, and challenges; sharing best practices; and providing acquisition leadership within the PBS acquisition community.

b) Do they report to the Regional Administrator or a senior procurement official at headquarters?

RPOs are part of the regional acquisition management divisions. Acquisition management divisions report to their respective Heads of Contracting Activity—the PBS Regional Commissioner.

Relocation Expenses

- 33) The IG's investigative record includes comments from a GSA employee that relocation costs in Region 9 over the last few years were "crazy" and "astronomical." As an example, the employee cited GSA's payment of \$330,000 to relocate an employee from Denver to Hawaii who reportedly only stayed at GSA for one year. We understand that you have begun a review of employee relocations at government expense.
- a) What is the scope of this review?
 - b) Does the review include all GSA regions?
 - c) When will this review be complete?
 - d) We understand that all future relocations will be approved centrally by the Chief People Officer and the Chief Financial Officer. Has this central approval process been implemented? If not, when do you expect it will be implemented?

Effective on May 10, 2012, approvals for relocation payments have changed. As a result, both the CFO and the CPO must approve any request for relocation. As part of the top-to-bottom review, all of GSA's practices with respect to relocation program are being evaluated (Attachment O).

Purchase and Travel Cards

- 34) A number of instances of misuse of government purchase cards in Region 9 have come to light- an issue that is of particular concern because GSA is the agency that administers the purchase card program across the federal government. Most notably, Mr. Neely's deputy, Daniel Voll, pleaded guilty in April 2010 for embezzlement through fraudulent use of his government purchase card for personal use. In addition, the IG's review of the Region 9 employee awards "Hats Off" program found that two employees improperly allowed others to use their cards and they misused their cards by splitting purchases to avoid the cardholder purchase limits.
- a) What actions, if any, do you plan to take to ensure employees properly use their government purchase cards?

This is among the issues that will be included in the GSA top-to-bottom review that is underway. GSA currently takes the following actions to ensure employees properly use the purchase card and has further plans to reduce risk associated with improper use.

Training

Prospective cardholders and their approving officials must complete purchase card training prior to assuming purchase card responsibilities. This training explains the responsibilities of those involved in GSA's purchase card program, proper use of the purchase card, maintenance of records, management of transactions, and establishment and update of purchase card accounts. GSA purchase card coordinators verify the successful completion of training prior to issuing a card.

Reduction of Purchase Cardholders

The number of micro-purchase cardholders needs to be reduced across GSA in order to improve internal controls, improve the efficiency and integrity of the charge card program and reduce the risk of charge card misuse or abuse, and fraud. Each GSA office will be directed to close card accounts that are not needed and consolidate activity across offices and regions to reduce the total number of micro-purchase cardholders.

MasterCard Expert Monitoring System

The Office of Administrative Services is planning to implement MasterCard's Expert Monitoring System (EMS) beginning in FY 2013. EMS provides a value added service from the GSA SmartPay 2 contract. EMS is robust data mining and reporting tool that will enable GSA to more closely monitor charge card transactions. It is a comprehensive and flexible solution that has the capability to monitor and control risks associated with card spending, fraud, waste, and abuse, and identify and flag unusual spending patterns, including potential split disbursement transactions. EMS also provides tracking tools to document results of investigations.

b) Are there audit processes in place to protect against purchase card abuses?

GSA currently has the following audit processes in place to protect against purchase card abuse.

- Designated approving officials over purchase cards - All GSA purchase cardholders must be under the oversight of a current approving official. Purchase cards for cardholders that do not have an active approving official are suspended.
- Inactive cards - The OAS creates a semi-annual report which lists all inactive cardholder accounts (accounts with no activity in the preceding 12 months). The program offices are directed to close any account that is no longer needed. GSA has effectively reduced the number of purchase cardholders by 14% from FY 2008 to FY 2011 and has plans to further reduce the number of cardholders as stated in our response above.
- Questionable Charges Report - This monthly report lists all transactions that have been flagged as questionable and require further review. The report is

distributed to senior managers within GSA. Within 30 days, program offices must review all cardholders' questionable charges and respond with an explanation of all charges and findings of inappropriate use to OAS. If inappropriate use is discovered, management officials must counsel the employee and/or take disciplinary action in consultation with their servicing human resources office. The cardholder's approving official must immediately notify his/her charge card coordinator and the Office of Inspector General concerning any fraud, misuse or abuse of the charge card. Charge card coordinators must monitor the resolution of charges and maintain documentation for audit and review purposes.

- Pegasys Monthly Charge Card Transaction Report - This monthly report is emailed to each Approving Official at month end and contains transaction details for all cardholders under the approving official's control. Approving officials must review all transactions in the report and take appropriate follow-up action on any unauthorized charges. The approving official must electronically certify on a monthly basis that they have reviewed all charges.
- Impending Suspensions Report - This monthly report contains the names of approving officials that have not reviewed and certified their monthly transaction statements for any 3-month period. Approving officials have 10 days to certify their review of transactions or the spending authority for their cardholders will be suspended. The suspension remains in effect until the approving official has certified the reports.
- Merchant description flagging - The Office of Administrative Services uses data mining to identify questionable charges using attributes such as:
 - Merchant descriptions
 - Merchant category codes
 - Weekend transactions
 - Taxes
 - Transactions not delineated in U.S. dollars
- Merchant category code blocking - GSA blocks certain Merchant Category Codes. Blocking these codes prevents purchase cards from being used at businesses that are not consistent with GSA's mission.
- A123 reviews - The Office of the Chief Financial Officer conducts A123 reviews of the purchase card program and performs tests of controls for the cardholder approval and training process, inactive cards, validity of transactions, resolution of questionable charges, and proper use of convenience checks.
- Office of Inspector General reviews - GSA's Office of Inspector General has been provided with direct access to all purchase card information and performs monthly data mining on purchase card transactions. In addition, the Office of Inspector General reviews transactions on the monthly Questionable Charges Report for the purchase card program.

35) Please provide to the Committee GSA's written policies and procedures implementing Appendix B of OMB Circular A-123, as updated on January 15, 2009, which prescribes measures for agencies to take to reduce waste, fraud and error in government charge card programs.

The GSA Order, CFO 4200.1A, Use of the GSA Purchase Card (Attachment F), provides guidance on the proper use of the GSA purchase card to comply with laws, regulations, and GSA policy.

In addition, GSA's Charge Card Management Plan (Attachment G) outlines policies and procedures within the GSA that are critical to the management of the purchase and travel charge card programs, in order to ensure that a system of internal controls is followed and to mitigate the potential for fraud, misuse, and delinquency

36) Is GSA in compliance with the training requirements of Circular A-123 (requiring initial training for all purchase card holders and program managers, as well as refresher training, at a minimum, every three years)?

Yes, GSA requires initial and mandatory training. The training covers basic Federal procurement laws and regulations, purchase card policies and procedures, and proper use of the card and convenience checks. All program participants are required to complete initial and refresher training, including Agency/Organization Program Coordinators, Regional Coordinators, program managers, and billing officials. Refresher training is required every two years. GSA completed its most recent refresher training in February 2012.

37) What is the current overall ratio of approving officials to purchase card holders within GSA?

The current overall ratio is 1 approving official to 2 cardholders.

a) What is the ratio of approving officials to purchase card holders in PBS?

The ratio of approving officials to purchase cardholders for PBS is 1 to 3.

b) What is the ratio of approving officials to purchase card holders in FAS?

The ratio of approving officials to purchase cardholders for FAS is 1 to 2. GSA's purchase card policy, CFO 4200.1A, Use of the GSA Purchase Card, states that each approving official is limited to no more than six cardholders to ensure a proper span of control.

38) How many personnel actions has GSA taken in each of the last five years for violations of purchase and travel card rules?

Administrative and/or disciplinary Actions Taken for Card Misuse

YEAR	PURCHASE	TRAVEL
2007	1	18
2008	1	18
2009	0	16
2010	0	23
2011	0	7

Disciplinary Actions

39) Please provide the Committee with a detailed description of all disciplinary actions initiated against agency personnel for violations of federal laws or regulations or agency policies, in connection with the 2010 WRC. In answering this question, please construe the term "disciplinary action" broadly, to include any formal or informal actions taken by GSA in response to an incident of improper, inappropriate, or illegal behavior. With respect to each action, please detail the cause for the disciplinary action, the position and title of those involved, when the events at issue occurred, the specific disciplinary action taken, and the outcome of the action. If any investigations against additional individuals are ongoing, please indicate this as well.

Disciplinary actions have been taken or are in process with respect to a number of GSA employees in connection with the 2010 Western Regions Conference (WRC). Because some of the specific information in this answer is subject to Privacy Act protection and is provided to the Committee under a Privacy Act exemption applicable only to Congressional committees and subcommittees, we request that it not be further disseminated.

On April 2, 2012, the same date that the IG report on the 2010 WRC was released, then-GSA Administrator Martha Johnson dismissed Robert Peck, commissioner of the GSA's Public Building Service, and Stephen Leeds, senior counselor to Ms. Johnson. Because both Mr. Leeds and Mr. Peck were political appointees, their dismissal was immediate and was effective on April 3. The dismissals were based on the Office of Inspector General (OIG) Draft Management Deficiency Report on the 2010 Western Regions Conference; further information would be available from Ms. Johnson. In addition, in a letter of April 13, 2012, GSA requested repayment by Mr. Peck of \$1960, and a formal demand for repayment was issued on May 11, 2012. GSA received payment from Mr. Peck in the amount of \$1960.00 on June 13, 2012.

Even as large amounts of information were provided by the OIG pursuant to its final report, action was initiated with respect to a number of career GSA employees with

25

respect to the 2010 WRC. Under federal law, career federal employees cannot be immediately fired, but are entitled by law to at least 30 days advance notice and an opportunity to contest the charges against them. 5 U.S.C. § 7513(b). GSA provided notice on April 20 proposing to remove five employees for misconduct: Jeff Neely, Paul Prouty, Robin Graf, Jim Weller, and [REDACTED]. A similar notice proposing removal for misconduct was provided on April 26 to four additional employees: Robert Shepard, John Tate, [REDACTED], and [REDACTED]. (The titles of each of these individuals are listed below). Each of these individuals had been placed on administrative leave by April 11.

With respect to Mr. Neely, an initial notice was issued to him on April 2, with an amended notice issued on April 20. The grounds included misuse of government property; misuse of authority; improper use of government funds; making false statements to special agents of the Office of Inspector General during an official matter; and being absent without leave when he failed to appear at a Congressional hearing on April 17. The grounds cited in the notices issued to other employees ranged from conduct unbecoming a federal employee to sharing bid information with other bidders, all in connection with the 2010 WRC.

With respect to four of the employees that GSA has proposed to remove (Prouty, Weller, [REDACTED], and [REDACTED]), written and/or oral responses to the proposed actions have been submitted and are being reviewed by the deciding officials along with other relevant materials. [REDACTED] has received a decision removing [REDACTED] for misconduct, and other decisions are expected shortly. Rather than attempting to contest the charges, four employees (Neely, Shepard, Tate, and [REDACTED]) have retired as of May 15. Mr. Graf retired on May 24 and GSA rescinded his notice. In addition, GSA issued on May 11 formal demands, pursuant to 41 CFR Parts 105-55 and 105-56, to Mr. Neely and Mr. Shepard for repayment of over \$3,600. This followed initial requests for repayment on April 13. Mr. Shepard repaid \$922.90, the amount specified in the demand letter to him, on May 24, 2012. GSA will withhold \$3,129.47, the amount of the two debts assessed against him, from Mr. Neely's final pay. Former employees like Mr. Neely can also be debarred from participation in federal contracts and grants pursuant to a referral from the Inspector General, and we understand that such action is under consideration at least as to him. In addition, as the Inspector General has testified, Mr. Neely has been referred to the Department of Justice for possible prosecution.

PBS Deputy Commissioner David Foley was suspended for 15 calendar days without pay, beginning on May 14, and returned to duty as Deputy Commissioner on May 29. Mr. Foley had been placed on administrative leave on April 6. The suspension was based on conduct unbecoming a federal employee in connection with the 2010 WRC.

Notices of proposed suspension were issued to six other GSA employees in connection with the 2010 WRC on May 2 and 3. The names and titles of these employees are listed below. The suspensions were based on conduct unbecoming a federal employee in connection with the 2010 WRC.

Finally, four letters of admonishment have been issued to GSA employees in connection with the 2010 WRC conference for exercising poor judgment in the oversight

planning of the 2010 WRC. The admonishments were issued on April 2 and prior to the issuance of the OIG Report, and the names and titles of these employees are listed below.

GSA employees who GSA proposed to remove for misconduct in connection with 2010 WRC

Jeff Neely	Region 9 Regional Commissioner, PBS (rescinded) due to retirement
Paul Prouty	Region 8 Regional Commissioner, PBS
Robin Graf	Acting Region 10 Administrator (rescinded) due to retirement
Jim Weller	Region 7 Regional Commissioner, PBS
[REDACTED]	[REDACTED]
Robert Shepard	Region 9 Chief of Staff (rescinded) due to retirement
John Tate	Region 9 Deputy Commissioner (rescinded) due to retirement
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

GSA employees who were issued proposed suspensions by GSA in connection with 2010 WRC

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

GSA employees who received letters of admonishment in connection with 2010 WRC

Susan Damour	Regional Administrator, Region 8 – Issued on April 2, 2012.
J.D. Salinas	Regional Administrator, Region 7 – Issued on April 2, 2012
George Northcroft	Regional Administrator, Region 10 – Issued on April 2, 2012
[REDACTED]	[REDACTED]

40) We understand that approximately 50 people involved in the planning of WRC received bonus awards totaling \$35,500. Among those who reportedly received bonuses are several WRC core planning team members who are now subject to disciplinary action.

a) Please provide the position and title for the approving official for each of the bonuses.

Mr. Robert L. Shepard, Organizational Resources Program Manager approved their bonuses. Please see response to question 39.

b) Was WRC planning a partial basis, or the sole basis, for these bonuses?

According to the documents from the approving official it was the sole basis.

c) Are there are plans to review any of these bonuses in light of the findings of the IG's investigation?

As stated in response to question 39, disciplinary action has been undertaken with respect to employees who received and authorized such bonuses.

d) What steps are you taking to ensure that GSA's awards programs are fair and consistent with statutory requirements and regulations on awards issued by the Office of Personnel Management?

GSA awards program will be reviewed as part of the top-to-bottom review.

Overall Cultural Issues

41) We often hear that GSA considers itself different from other agencies because, although part of its budget is appropriated, much of its operating budget comes from fees other federal agencies pay to GSA out of their own appropriated accounts in exchange for services GSA provides. GSA's employees, therefore, may be less conscious of budget constraints than agencies that rely on appropriations. What will you do to instill in the mindset of GSA employees that they are first and foremost the stewards of taxpayer dollars, whether that money comes directly to GSA or passes initially through other agencies?

As the agency responsible for delivering savings and driving value across the federal government, GSA has a unique responsibility to ensure that other agencies and the American public are confident that we are working diligently and responsibly on their behalf. It is a responsibility that the overwhelming majority of GSA employees hold dear. Indeed, nobody was more outraged by the misconduct and irresponsibility detailed in the IG report than the hardworking and diligent staff at GSA. In the short time since my appointment, I have reached out to all GSA employees through video messages, memoranda, virtual town halls, electronic and live discussions, and other means to emphasize these points and to further drive home to employees that GSA is the "government savings agency" that should continually work to save taxpayer dollars. In addition, I initiated a top-to-bottom review of all agency operations, as discussed above. In the course of that review, I intend to reiterate to employees that while their customers are other federal agencies, their employers are the American taxpayers.

JOSEPH I. LIEBERMAN, CONNECTICUT, CHAIRMAN
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 CLARK M. CASSELL, MISSOURI
 JIM FLESTER, MONTANA
 MARK BLOCH, ARIZONA

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 ROB PORTMAN, OHIO
 BOB FIKS, KENTUCKY
 JERRY MORAN, KANSAS

United States Senate
 COMMITTEE ON
 HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
 WASHINGTON, DC 20510-6250

George E. Northcroft
 Acting Regional Administrator, Region 10
 General Services Administration
 400 15th Street SW #10A
 Auburn, WA 98001

May 17, 2012

Dear Acting Administrator Northcroft:

We are writing to follow up on a number of concerns that have been raised by the Inspector General's Management Deficiency Report on the 2010 Western Regions Conference (April 2, 2012). As you know, the IG uncovered numerous violations of contracting regulations and policies and the Federal Travel Regulation, as well as purchase card irregularities, by General Services Administration (GSA) employees. The waste, excessive spending, and possible fraud uncovered as a result of this investigation and continuing investigations cause us grave concern. These issues are even more troubling given GSA's unique and lead role in contracting and management of travel and conference planning.

In light of the array of problems uncovered by the WRC investigation, we seek to understand whether there is a wider problem at GSA. We are encouraged by Acting Administrator Tangherlini's leadership and aggressive actions to right the ship at the national level. We also appreciate that there are many GSA employees across the country at all levels of the GSA organization who take their responsibility to be good stewards of taxpayer money very seriously. Indeed, we understand from the IG that numerous GSA employees have stepped forward in the aftermath of the WRC investigation to report abuses to the IG hotline and we applaud and encourage these actions.

To help inform our assessment, please provide the information requested below about activities in your region by June 1, 2012.

1. What was the overall budget for your regional office for each of fiscal years 2008 – 2012?
2. What was the total amount spent on travel by your regional office for each of fiscal years 2008 - 2012?
 - a. Who manages the travel budget in your region, including approving expenditures and ensuring the budget is not exceeded? Please provide this individual's official title.
 - b. To whom does this person report? Please provide this individual's official title.

- c. What steps do you take to ensure that travel taken by employees in your region is consistent with the Federal Travel Regulation?
 - d. Under what circumstances, if any, does headquarters approve travel expenditures for your region?
3. For each conference or meeting in which your region incurred total travel and other costs in excess of \$10,000 during fiscal years 2008 – 2012, please provide:
 - a. a description of the conference or meeting, including the title, if any, and the purpose of the conference or meeting;
 - b. the location of the conference or meeting;
 - c. the number of employees from your region that attended the conference or meeting; and
 - d. the total amount spent by the region on the conference or meeting, including associated travel, catering, and other contract costs.
 4. For each conference or meeting identified in response to question 3 that was sponsored by your region, in whole or in part, please –
 - a. list any vendor contracts related to the conference or meeting that were made through sole source awards and indicate the dollar value of each such contract; and
 - b. indicate the number of preparatory trips taken, if any, before the conference or meeting (e.g., to scout locations), the number of employees on each such trip, and the associated travel and catering costs for each such trip.
 5. What is total amount of GSA funds obligated by contract in your region during each of Fiscal Years 2008-2012?
 - a. How much of this contract spending relates to conferences?
 - b. How much of this contract spending relates to overhead and administration for your region (rather than the programmatic mission)?
 - c. Does your regional office have a regional procurement officer?
 - d. If the answer to question 5c is “yes,” to whom does the regional procurement officer report?
 - e. If the answer to question 5c is “yes,” does the regional procurement officer have a direct reporting relationship to anyone at GSA headquarters?
 - f. How many contracting officers are there in your region?
 - g. Who in your regional office manages contract warrants?
 - h. To whom do the contracting officers in your region report?
 - i. Is the person to whom the contracting officers in your region report a program manager or a procurement official?
 - j. Who in your region oversees contract officer training and certifications?
 6. For Fiscal Years 2008-2012, did your region host any function or event in which awards were distributed and catering costs exceeded \$2,000?
 - a. For each of these events, please provide the date of the event, a description of the awards given, the cost of the awarded items, and the amount spent on catering and commemorative items (such as coins or plaques).

7. How many individuals in your region are authorized purchase card holders?
 - a. Is training up to date and complete for each cardholder?
 - b. How often are purchase card expenses audited in your region?
 - c. Who conducts audits of purchase card expenditures?

We appreciate your prompt attention to this information request and look forward to your timely response. If you have any questions, please contact us or have your staff contact Jon Kraden on the majority staff at (202) 224-2627 or Jonathan_Kraden@hsgac.senate.gov or Julie Dunne on minority staff at (202) 228-3141 or Julie_dunne@hsgac.senate.gov.

Sincerely,



Joseph I. Lieberman
Chairman



Susan M. Collins
Ranking Member



GSA Deputy Administrator

August 16, 2012

The Honorable Joseph Lieberman
Chair, Committee on Homeland Security
and Government Affairs
United States Senate
Washington, DC 20510

Dear Chairman Lieberman:

Thank you for your letter dated May 17, 2012, which you directed to each of the Regional Administrators of the U.S. General Services Administration (GSA) seeking region specific information.

Each of the 11 Regions within GSA is comprised of three different organizational divisions which operate with separate budgets and with separate reporting structures. The three divisions are a regional Federal Acquisition Service component, a regional Public Buildings Service component, and a Regional Administrator's Office

Since these three components essentially operate separately, GSA has centrally compiled the requested information and shared the data findings with each of the Regional Administrators (Enclosure L).

We hope that we have conveyed GSA's sincere efforts to be responsive and transparent. GSA looks forward to continuing to work with the Committee as the agency undergoes a top-to-bottom review.

Acting Administrator Dan Tangherlini looks forward to updating the Committee on his recommended reforms of the agency in September. Thank you for your continued interest in GSA on behalf of the American taxpayers. If you have any questions, please do not hesitate to contact Rodney Emery, Associate Administrator for Congressional and Intergovernmental Affairs at (202) 501-0563.

Sincerely,

A handwritten signature in black ink, appearing to read "Susan F. Brita".

Susan F. Brita
Deputy Administrator

Enclosures (13)

U.S. General Services Administration
1275 First Street, NE
Washington, DC 20417
Telephone: (202) 501-0900
Fax: (202) 219-1243

Enclosure A

Total Budget by Region

	Regions											Total					
	1	2	3	4	5	6	7	8	9	10	11		CO				
FY2008																	
RA	359,030	657,472	585,551	749,310	1,027,903	645,103	693,136	525,558	835,210	335,557	889,860						7,303,690
PBS	71,041,600	196,617,100	132,363,100	166,447,200	196,915,100	106,151,600	136,790,200	88,987,400	180,781,400	80,739,800	440,183,600						2,220,530,400
FAS*	4,839,000	32,627,860	79,390,285	43,272,946	26,554,121	30,872,092	50,676,172	3,429,696	61,779,870	20,721,796	10,501,395						1,076,907,380
Total	76,239,630	229,902,432	212,338,936	210,469,456	224,497,124	137,668,795	188,159,508	92,942,654	243,396,480	101,797,153	451,574,855						3,304,741,470

	Regions											Total					
	1	2	3	4	5	6	7	8	9	10	11		CO				
FY2009																	
RA	356,432	677,494	597,402	774,616	1,114,122	589,147	710,958	414,251	725,028	337,470	865,300						7,162,220
PBS	75,402,000	198,604,000	134,110,000	164,980,000	203,460,000	108,470,000	148,418,000	90,745,000	185,390,000	82,090,000	456,032,000						2,312,751,000
FAS*	3,055,399	33,016,878	94,052,404	49,785,522	29,480,148	29,088,730	49,713,139	3,382,337	67,980,086	21,029,178	10,984,736						1,186,327,896
Total	78,813,831	232,298,372	228,759,806	215,540,138	234,054,268	138,127,877	198,842,097	94,541,588	254,095,114	103,456,648	467,882,036						3,506,241,116

	Regions											Total					
	1	2	3	4	5	6	7	8	9	10	11		CO				
FY2010																	
RA	348,777	560,073	504,965	629,054	919,417	457,846	601,635	530,862	585,384	336,084	959,105						6,433,212
PBS	82,417,026	212,635,099	143,194,509	177,457,391	214,279,118	110,366,300	157,447,907	93,148,891	198,755,383	87,271,005	494,177,198						2,482,762,827
FAS*	5,251,893	34,209,412	88,869,146	51,075,044	32,950,352	33,403,650	46,505,744	10,597,325	68,767,774	23,981,260	19,000,048						1,235,838,996
Total	88,017,696	247,404,584	232,568,620	229,161,489	248,148,887	144,227,796	204,555,286	104,277,078	268,108,541	111,588,359	514,136,351						3,725,035,035

	Regions											Total					
	1	2	3	4	5	6	7	8	9	10	11		CO				
FY2011																	
RA	439,635	466,109	506,476	442,324	895,387	425,868	506,958	338,404	608,124	423,593	501,060						5,553,938
PBS	85,260,711	213,299,800	141,255,400	180,437,300	221,824,100	114,524,100	160,425,400	96,893,000	203,590,200	85,558,600	505,327,100						2,524,671,311
FAS*	5,804,030	35,749,676	87,585,090	49,473,809	32,965,395	33,904,201	47,391,168	12,264,430	68,957,249	24,445,133	21,289,260						1,228,288,264
Total	91,504,376	249,515,585	229,346,966	230,353,433	255,684,882	148,854,169	208,323,526	109,495,834	273,155,573	110,427,326	527,117,420						3,758,513,513

	Regions											Total					
	1	2	3	4	5	6	7	8	9	10	11		CO				
FY2012																	
RA	425,561	463,041	420,506	468,374	764,574	435,029	527,681	352,618	556,973	418,352	459,103						5,291,812
PBS	80,761,000	201,930,000	133,153,000	175,165,000	213,387,493	107,707,000	158,444,000	93,065,682	193,115,000	83,418,861	467,262,249						2,388,780,285
FAS*	12,278,611	35,769,039	74,336,054	49,577,736	32,071,098	33,109,342	43,307,503	12,846,767	64,480,345	23,577,878	21,498,658						1,292,756,511
Total	93,465,172	238,161,080	207,909,560	225,211,110	246,223,765	141,251,371	202,279,184	106,265,067	256,752,318	107,415,091	489,220,010						3,686,828,608

*Does not include flow through. Includes FAS' salaries, travel, supplies, contractor support, systems, etc. in support of placing an order or assisting a customer, but not the dollar value of the actual purchase order to pay the commercial vendor for the actual goods or services delivered directly to the customer (flow-through). **As of June 2012

Enclosure B

Total Travel by Region

	Regions											Total
	1	2	3	4	5	6	7	8	9	10	11	
FY2008	15,838	37,127	15,946	39,551	24,073	15,420	54,111	20,541	43,711	19,361	25,040	310,719
RA	596,697	1,245,775	1,596,657	2,820,554	2,891,522	1,180,374	2,128,722	855,766	2,632,942	1,526,035	873,846	23,633,448
PBS	78,817	699,100	1,001,442	1,365,674	951,472	603,886	916,510	60,257	1,551,417	473,140	57,076	10,853,222
FAS	691,252	1,982,002	2,614,045	4,225,779	3,867,067	1,799,680	3,099,343	936,564	4,228,070	2,018,536	955,962	34,797,389
Total	1,100,100	2,262,000	2,614,045	4,225,779	3,867,067	1,799,680	3,099,343	936,564	4,228,070	2,018,536	955,962	34,797,389

	Regions											Total
	1	2	3	4	5	6	7	8	9	10	11	
FY2009	11,001	12,793	13,898	30,613	11,831	13,235	58,908	32,628	32,062	6,347	6,162	229,576
RA	844,035	1,161,345	1,702,873	2,643,558	3,094,376	1,392,834	2,117,601	914,154	3,224,325	1,685,716	858,136	5,803,953
PBS	95,131	862,041	1,060,573	1,818,762	990,653	714,727	1,060,489	81,258	1,710,477	621,879	117,728	3,878,639
FAS	950,167	2,036,179	2,777,444	4,492,933	4,096,860	2,120,796	3,236,998	1,028,039	4,966,864	2,313,941	982,026	9,682,592
Total	1,100,100	2,262,000	2,614,045	4,225,779	3,867,067	1,799,680	3,099,343	936,564	4,228,070	2,018,536	955,962	34,797,389

	Regions											Total
	1	2	3	4	5	6	7	8	9	10	11	
FY2010	22,607	3,090	1,586	33,064	15,967	16,639	104,092	23,902	43,191	30,521	3,978	298,637
RA	964,364	1,324,526	1,907,176	3,110,639	3,342,650	1,552,666	2,566,947	874,657	4,122,613	1,866,418	1,110,999	29,904,404
PBS	143,771	924,987	1,145,496	1,660,843	1,319,626	1,017,888	1,071,086	213,151	1,980,945	677,199	145,842	15,143,463
FAS	1,130,743	2,252,603	3,054,258	4,804,546	4,678,244	2,587,192	3,742,126	1,111,710	6,146,749	2,574,138	1,260,820	45,346,503
Total	1,100,100	2,262,000	2,614,045	4,225,779	3,867,067	1,799,680	3,099,343	936,564	4,228,070	2,018,536	955,962	34,797,389

	Regions											Total
	1	2	3	4	5	6	7	8	9	10	11	
FY2011	23,039	35,652	41,717	92,803	20,583	15,519	95,662	22,169	53,648	33,729	3,568	398,089
RA	692,749	1,209,083	1,072,035	1,722,439	2,449,532	917,229	1,518,457	910,406	3,072,494	1,023,828	910,573	19,783,168
PBS	187,979	771,148	897,503	1,654,576	1,114,366	786,521	872,428	295,137	1,598,834	683,106	171,420	13,696,581
FAS	903,768	2,015,883	2,011,255	3,429,818	3,584,481	1,719,269	2,486,547	1,227,712	4,724,976	1,740,663	1,085,562	33,877,838
Total	1,100,100	2,262,000	2,614,045	4,225,779	3,867,067	1,799,680	3,099,343	936,564	4,228,070	2,018,536	955,962	34,797,389

	Regions											Total
	1	2	3	4	5	6	7	8	9	10	11	
FY2012	6,461	13,986	8,303	22,820	7,523	9,071	23,378	9,526	21,744	7,416	340	130,568
RA	322,699	740,764	527,461	956,182	1,501,895	442,028	748,202	327,797	1,162,486	528,202	529,912	9,625,289
PBS	145,797	217,279	430,678	715,524	492,757	322,882	376,994	145,923	710,138	286,056	40,857	5,771,764
FAS	474,957	972,029	966,441	1,694,526	2,002,175	773,981	1,148,574	483,247	1,894,369	821,675	571,109	15,527,621
Total	1,100,100	2,262,000	2,614,045	4,225,779	3,867,067	1,799,680	3,099,343	936,564	4,228,070	2,018,536	955,962	34,797,389

Enclosure C

FAS (Other than FAS Regional Commissioners)		Approving Travel	Reporting To
Centre Office Budget Officer			FAS Controller
Region 1	Regional Commissioner		FAS Regional Commissioner
Region 2	Regional Commissioner		FAS Regional Commissioner
Region 3	Regional Commissioner		FAS Regional Commissioner
Region 4	Regional Commissioner		FAS Regional Commissioner
Region 5	Regional Commissioner		FAS Regional Commissioner
Region 6	Regional Commissioner		FAS Regional Commissioner
Region 7	Regional Commissioner		FAS Regional Commissioner
Region 8	Regional Commissioner		FAS Regional Commissioner
Region 9	Regional Commissioner		FAS Regional Commissioner
Region 10	Regional Commissioner		FAS Regional Commissioner
Region 11	Regional Commissioner		FAS Regional Commissioner
PBS (Other than PBS Regional Commissioners)			
Centre Office		Approving Travel	Reporting To
Region 1	Regional Budget Director		Regional Commissioner
Region 2	Regional Budget Director		Regional Commissioner
Region 3	Regional Budget Director		Regional Commissioner
Region 4	Regional Budget Director		Regional Commissioner
Region 5	Regional Budget Director		Regional Commissioner
Region 6	Regional Budget Director		Regional Commissioner
Region 7	Regional Budget Director		Regional Commissioner
Region 8	Regional Budget Director		Regional Commissioner
Region 9	Regional Budget Director		Regional Commissioner
Region 10	Regional Budget Director		Regional Commissioner
Region 11	Regional Budget Director		Regional Commissioner
GMA (Other than Regional Administrators)			
Region 1	Regional Administrator	Approving Travel	Reporting To
Region 2	Regional Administrator		Regional Administrator
Region 3	Regional Administrator		Regional Administrator
Region 4	Regional Administrator		Regional Administrator
Region 5	Regional Administrator		Regional Administrator
Region 6	Regional Administrator		Regional Administrator
Region 7	Regional Administrator		Regional Administrator
Region 8	Regional Administrator		Regional Administrator
Region 9	Regional Administrator		Regional Administrator
Region 10	Regional Administrator		Regional Administrator
Region 11	Regional Administrator		Regional Administrator
Regional Commissioners			
Region 1	Regional Administrator	Approving Travel	Reporting To
Region 2	Regional Administrator		Regional Administrator
Region 3	Regional Administrator		Regional Administrator
Region 4	Regional Administrator		Regional Administrator
Region 5	Regional Administrator		Regional Administrator
Region 6	Regional Administrator		Regional Administrator
Region 7	Regional Administrator		Regional Administrator
Region 8	Regional Administrator		Regional Administrator
Region 9	Regional Administrator		Regional Administrator
Region 10	Regional Administrator		Regional Administrator
Region 11	Regional Administrator		Regional Administrator
Regional Administrators			
Region 1	Regional Administrator	Approving Travel	Reporting To
Region 2	Regional Administrator		Regional Administrator
Region 3	Regional Administrator		Regional Administrator
Region 4	Regional Administrator		Regional Administrator
Region 5	Regional Administrator		Regional Administrator
Region 6	Regional Administrator		Regional Administrator
Region 7	Regional Administrator		Regional Administrator
Region 8	Regional Administrator		Regional Administrator
Region 9	Regional Administrator		Regional Administrator
Region 10	Regional Administrator		Regional Administrator
Region 11	Regional Administrator		Regional Administrator


Enclosure D



U. S. General Services Administration

April 15, 2012

Memorandum for All Employees

From: Dan Tangherlini 
 Acting Administrator

Subject: Restrictions on Travel and Conferences for FY 2012

Travel and Training

From now until the end of the fiscal year, **all travel for internal GSA meetings, training, conferences, seminars, leadership or management events, etc.**, whether paid for by the Government or another entity is suspended unless exempted by one of the following sections:

Travel is permitted for approved conferences for external audiences pursuant to the section below. Travel is also permitted to perform GSA's essential mission functions, such as to work with other agencies or customers of GSA, conduct litigation, perform program performance reviews or audits (such as A123), property auctions or building inspections, or other similar operation-related work. Only travelers essential, as determined by management, to the performance of the relevant function are permitted to travel.

Travel for routine management meetings that require in-person presence, after other options such as video teleconferencing are considered, may occur upon waiver of this policy by the Acting Administrator or Deputy Administrator.

Travel for training will be limited to essential job related skills and development and consistent with approved individual development plans (IDPs).

Conferences for External Audiences

During this period of hiatus, conferences with the primary purpose of expanding or advancing the services of GSA, GSA's customers, client-related or project-related functions may be permitted to go forward after an approved business justification and conference budget. These conferences must be approved by the Head of Service or Staff Office, Regional Administrator, and the Chief Administrative Services Officer and the Chief Financial Officer before any procurement activity takes place or cost is incurred by the organization sponsoring the event.

For the purpose of this memorandum, a conference is a symposium, seminar, workshop, or other organized or formal meeting lasting portions of one or more days, where people assemble to exchange information and views or explore or clarify a defined subject, problem or area of knowledge.

1275 First Street, NE
 Washington, DC 20417
www.gsa.gov

Enclosure E

MEMORANDUM

DATE: APRIL 27, 2012

TO: HEADS OF SERVICES AND STAFF OFFICES AND
REGIONAL ADMINISTRATORS

FROM: CYNTHIA A. METZLER,
CHIEF ADMINISTRATIVE SERVICES OFFICER (H)

SUBJECT: CLARIFICATION ON APRIL 15, 2012 TRAVEL, TRAINING
AND CONFERENCES

This memorandum provides additional guidance regarding the implementation of the Acting Administrator Dan Tangherlini's memorandum dated April 15, 2012, regarding restrictions on travel and conferences for FY 2012. A number of questions have arisen regarding who is responsible for approvals for travel, training and conferences. Hopefully, this memorandum will provide some clarification.

All GSA leaders are responsible for ensuring that the mission of GSA is carried out in the most effective and efficient manner, as well as ensuring that all of our policies and rules are followed. It is especially important that we be prudent in our use of resources. As we move forward, please keep the following in mind in considering or approving travel:

- Travel for meetings should be authorized only when alternatives to travel such as video-conferencing, teleconferencing, and webinars have been considered and determined to be unavailable or impractical.
- All travel must be limited to the minimum number of individuals necessary to carry out the task.
- If travel to a conference is involved (whether hosted by GSA or another entity) attendance must meet the following criteria:
 - ✓ Having planned meetings with GSA customers, the public or vendors;
 - ✓ Working as GSA operational support for the conference;
 - ✓ Providing training or speaking related to GSA mission;
 - ✓ Fulfilling legitimate training requirements per their job functions (as per individual development plans, etc.)
- Attendance must be limited to the amount of time required to carry out any required activity.
- Costs must be kept to a minimum and all per diem, ethics and other policies must be strictly adhered to.

In order to ensure that all travel is appropriate, we strongly recommend that Heads of Services and Staff Offices (HSSOs) and Regional Administrators (RAs) rescind open authorization travel approvals for the remainder of the fiscal year and approve

travel on a trip-by-trip basis, or ensure that each employee has a travel plan that reflects the April 15, 2012, policies. The E2 system will then require approval before travel can be booked.

The following clarifies who must approve the various types of activity.

A. Authorization by the HSSO and/or RA

1. Training. Training which requires travel may occur if the training is not available in any other way and is essential to job related skills and development and consistent with approved individual development plans as reflected in employee training plans that have been approved by the HSSO or RA and the RA or HSSO must approve any such training occurring after April 15, 2012. Questions regarding training should be addressed to the Chief People Officer (CPO).
2. Business travel directly related to the work of GSA. Business travel to meet the day-to-day business needs of GSA's mission must be approved by the HSSO or RA. Regional staff must obtain the approval of the RA, after other appropriate approvals from the Regional Commissioners in consultation with the Commissioner. The mission related travel is travel that is necessary to carry out essential functions of the organization; it does not include routine management meetings. The HSSO or RA determines whether the travel is related to the mission.

B. Approval by the Office of Administrative Services (OAS)

Conferences and award ceremonies with food that involve travel must be approved as outlined in ADM IL-12-01 dated April 15, 2012. This includes events hosted by others where GSA plays a role such as hosting an event or a booth. Conferences that are sponsored or held by regional office staff in the Public Buildings Service (PBS) and the Federal Acquisition Service (FAS) require the concurrence of the RA and relevant FAS or PBS Commissioner prior to submission to OAS. Requests for approval must be submitted using Attachment A or B as appropriate.

C. Waiver by the Administrator or Deputy Administrator

Hosting a management meeting that requires travel. Holding or hosting an internal management meeting where travel is required requires a waiver by the Administrator, Deputy Administrator or their designee, before any travel can take place. Requests for waivers must be submitted using Attachment C or other electronic tool developed by the OAS.

All forms are available on GSA InSite, Travel and Relocation tab. Forms should be submitted to: travel-event-approval-requests@gsa.gov.

Enclosure F

MEMORANDUM

DATE: JUNE 14, 2012

TO: HEADS OF SERVICES AND STAFF OFFICES AND
REGIONAL ADMINISTRATORS

FROM: CYNTHIA A. METZLER
CHIEF ADMINISTRATIVE SERVICES OFFICER

SUBJECT: TRAVEL AND CONFERENCE CLARRIFICATION II

As you know, on April 15, 2012 Acting Administrator Tangherlini restricted travel for the remainder of FY 2012. On April 15, 2012 Instructional Letter (ADM IL-12-01) was issued on Management and Approval of Conferences and Award Ceremonies. This memorandum provides clarification on a number of points and questions that have arisen over the last month.

Detailees, Virtual and Satellite employees

The limitations on travel contained in the Acting Administrator's April 15 memo apply to these employees. As was stated in the memo, travel for these employees is suspended unless the Regional Administrator (RA) or the Head of Service or Staff Office (HSSO) has determined that the travel is required to "perform GSA's essential mission functions, such as to work with other agencies or customers of GSA, conduct litigation, perform program performance reviews or audits (such as A123), property auctions or building inspections, or other similar operation-related work. Only travelers essential...to the performance of the relevant function are permitted to travel."

A review of all such employees is currently underway, so please be sure to have documentation for the justification/rationale for each employee.

Ongoing Conferences and Events

In some circumstances, GSA has sponsored, hosted or co-hosted events, meetings and conferences over many years. All post-April 15, 2012 conferences were cancelled by virtue of the IL on Management and Approval of Conferences and Award Ceremonies. Any post-April 15, 2012 conferences must be approved pursuant to the IL. Please be sure to remove or have removed by another entity any reference to a future event to be hosted or sponsored by GSA from any website until it has been approved.

Third Party Event Planners

Pursuant to the April 15, 2012 IL, a third party event planner may be "utilized only after approval by the HSSO or RA and the Office of Administrative Services (OAS)." A third

party event planner includes an entity that provides services and/or assistance in determining an appropriate location to host a conference, whether or not the entity charges GSA for the service.

GSA policy requires that conference and event planners obtain fair and reasonable price proposals for the Government. For conference city comparison and selection, planners are instructed to use GSA's Travel Management Information System (MIS) group planning tool, not an outside third party. This tool creates a cost comparison for up to 10 potential conference cities using contract air fares, per diem, and car rental for estimations. Use of the Travel MIS assists in complying with FTR § 301-74.5 for selecting a location and facility. For event venue, planners must first consider use of Government facilities. When such facilities are not available or cost effective, GSA sponsored conferences must be held at sites that are on the Federal Emergency Management Agency's list of Fire Safety Act-approved accommodations. In selecting commercial hotel/conference venues, planners are instructed to first consider using FedRooms®. (FTR §301-11.11).

In addition, should anyone utilize a third party to assist in determining a location for a conference, they must justify this action in the request for conference approval and indicate why the third party was utilized rather than the GSA Travel MIS.

If you have any questions about this memo, please do not hesitate to contact me, at
or Norma Tolson, Director, Travel and
Charge Card program, at

Enclosure G

MEMORANDUM

DATE: JULY 20, 2012

TO: HEADS OF SERVICES AND STAFF OFFICES AND
REGIONAL ADMINISTRATORS

FROM: CYNTHIA A. METZLER,
CHIEF ADMINISTRATIVE SERVICES OFFICER (H)

SUBJECT: CLARIFICATION III ON APRIL 15, 2012 TRAVEL, TRAINING
AND CONFERENCES—Conference Attendance

This memorandum provides additional guidance regarding the implementation of Acting Administrator Dan Tangherlini's memorandum dated April 15, 2012, regarding restrictions on travel and conferences for FY 2012.

Any proposed conference attendance by a GSA employee must be submitted to the Office of Administrative Services before any commitment is made for the employee to attend the conference. This policy applies to conference attendance whether travel is required or not and applies to all conferences whether hosted by GSA or any other entity.

Please recall that conference attendance is limited. Attendance must meet the following criteria:

- ✓ Having planned meetings with GSA customers, the public or vendors;
- ✓ Working as GSA operational support for the conference;
- ✓ Providing training or speaking related to GSA mission;
- ✓ Fulfilling legitimate training requirements per their job functions (as per individual development plans, etc.); and is
- ✓ Limited to the amount of time required to carry out any required activity.

You must ensure that all conference attendance documents and materials have been submitted to the Office of Administrative Services in a timely manner for approval before any commitments, such as travel arrangements, including hotel and airline or train tickets are booked, as well as any registration fees that may be paid are committed.

Enclosure H

Request for Approval of Conference		
Name of event*		
Sponsoring office*		
Proposed date(s)*	Beginning	Ending
Target audience*		
Estimated participants*	GSA	Other government
	Contractor	Other (specify)
Estimated number of GSA participants that must travel*		
Contact Person*	Name	Title
Mailing address:		
Phone number:*	Primary*	Alt:
Email address:*		
Purpose/objectives*		
Expected performance or significant outcomes*		
Was the Travel MIS used to determine the city/location?* If not, explain*		
Proposed city/location*		
Briefly describe justification for proposed city/location*		
Other cities/locations considered*	1.	2.
Does proposed site (location and venue) represent the best value to the Government, cost and all relevant factors considered?*		
* Required fields		
Revenue		
	Estimated	Actual
Registration Fees		
Grants		
Vendor Fees		
Total Revenue	0	0

Expenses	Estimated	Actual
Pre-Conference Planning Activities/Expenses		
Travel		
Meeting Expenses		
Conference Activities and Expenses		
Exhibits		
Meals		
Breakfast		
Lunch		
Dinner		
Refreshments		
Receptions		
Gratuities		
Marketing Materials		
Brochures		
Mailing Lists		
Postage		
Advertising		
Media		
Press Kits		
Photographs		
Media Room/Setup		
Printing		
Office Supplies and Expenses		
Conference/Meeting Coordinator		
Equipment		
Audio-visual		
Other		
Guest Speaker(s)		
Security		
Conference/Meeting Venue		
Lodging		
Meeting Room(s)		
Transportation		
Travel for attendees		
Shuttle, taxi, cost for attendees		
Charter bus services for attendees		
Travel for staff/volunteers		
Parking		
Shipping		
Other (If amount >\$10,000, itemize costs)		
Total Expenses	0	0
Approval		
HSSO or RA		Date
Chief Administrative Services Officer		Date

Chief Financial Officer	Date
-------------------------	------

Email completed form to travel-event-approval-requests@gsa.gov
For Questions, call (202) 501-2162

Enclosure I

Request for Approval of Award Ceremony with Food		
Name of event*		
Sponsoring office*		
Proposed date(s)*	Beginning	Ending
Target audience*		
Estimated participants*	GSA	Other government
	Contractor	Other (specify)
Estimated number of GSA participants that must travel*		
Contact Person*	Name:	Title:
Mailing address:		
Phone number:*	Primary*	Alt:
Email address:*		
Description/Justification		
Will food be provided?* If yes, complete rest of form. If no, OAS approval is not required.		
Purpose/objectives*		
Expected performance or significant outcomes*		
Was the Travel MIS used to determine the city/location?* If not, explain*.		
Proposed city/location*		
Briefly describe justification for proposed city/location*		
Other cities/locations considered*	1.	2.
Does proposed site (location and venue) represent the best value to the Government, cost and all relevant factors considered?*		
* Required fields		

Part 3. Budget		
Expenses	Estimated	Actual
Pre-Ceremony Planning Activities/Expenses		
Travel		
Meeting Expenses		
Ceremony Expenses		
Mementos (for awardees)		
Food		
Meal(s)		
Refreshments		
Gratuities		
Printing		
Equipment		
Audio-visual		
Other		
Guest Speaker(s)		
Security		
Ceremony Venue		
Lodging		
Meeting Room(s)		
Transportation		
Travel for attendees		
Shuttle, taxi, cost for attendees		
Travel for staff/volunteers		
Parking		
Shipping		
Other (If amount >\$10,000, itemize costs)		
Total Expenses	0	0
Part 4. Review and Approval		
HSSO or RA	Date	
Chief Administrative Services Officer	Date	

Chief Financial Officer	Date
-------------------------	------

Email completed form to travel-event-approval-requests@gsa.gov
For Questions, call (202) 501-2162

Enclosure J

Request to Host an Internal Meeting Where Travel is Required	
Part 1: General Information	
List of All Employees Traveling: Name(s), Organizations, and Trip Origination (city and state)	
Sponsoring Organization	
Proposed Travel Date(s)	Beginning _____ Ending _____
Estimated Total # of Participants	
Location of Meeting (include facility, city and state)	
Estimated Total Travel Cost	
Contact Person Name	
Phone number	
Email address	
Part 2: Description/Justification	
Purpose/objectives of meeting	
Justification for meeting (indicate how activity relates to the mission of GSA)	
Expected performance or significant outcomes	
Part 3: Approval	
HSSO or RA:	Date
Administrator, Deputy Administrator or Designee	Date

Email completed form to travel-event-approval-requests@gsa.gov
For Questions, call (202) 501-2162

Enclosure K

Event	Location	Begin Date	End Date	GSA Attendees	Not Non-GSA Attendees	Conference Costs	Travel Costs	Total Costs	Funding Source
Data Accuracy Conference	Orlando, FL	1/25/2005	1/26/2005	56		\$ 7,723	\$ 45,375	\$ 53,098	Federal Building Fund
Federal Mail Symposium 2005	Washington, DC	2/8/2005	2/10/2005	24	330	\$ 161,002	\$ 5,803	\$ 166,805	Governmentwide Policy
2005 Many Hands	Blaine, WA	2/15/2005	2/17/2005	168			\$ 19,048		Federal Building Fund
OCAO Training Offsite 2005	Ellicott City, MD	3/12/2005	3/15/2005	85		\$ 8,872	\$ 5,996	\$ 14,868	Governmentwide Policy
IT Solutions Directors Conference	Kansas City, MO	3/14/2005	3/18/2005	63			\$ 22,825	\$ 22,825	Acquisition Services Fund
PBS Realty Services National Conference	Denver, CO	3/28/2005	3/31/2005	383		\$ 124,062	\$ 319,163	\$ 443,225	Federal Building Fund
CFO Conference	Las Vegas, NV	3/28/2005	3/31/2005	294		\$ 105,671	\$ 304,839	\$ 410,510	Working Capital Fund
PBS Capital Construction Conference	Miami, FL	4/4/2005	4/8/2005	303		\$ 176,692	\$ 325,191	\$ 501,883	Federal Building Fund
RR Annual Meeting 2005	Lakewood, CO	4/12/2005	4/12/2005	360		\$ 10,908	\$ 1,824	\$ 12,732	Federal Building Fund
Center for Border Stations Annual Conference	San Diego, CA	4/26/2005	4/28/2005	210	90	\$ 50,167	\$ 108,074	\$ 158,241	Federal Building Fund
GSA Expo 2005	San Diego, CA	5/3/2005	5/5/2005	1073	8597	\$ 3,809	\$ 211,989	\$ 215,798	Acquisition Services Fund
Small Projects	Fort Worth, TX	5/4/2005	5/6/2005	51					Federal Building Fund
Property Management Conference 2005	Indianapolis, IN	5/10/2005	5/12/2005	170		\$ 29,088	\$ 56,423	\$ 85,511	Federal Building Fund
OCC Annual Training Conference	Denver, CO	5/23/2005	5/26/2005	117	3	\$ 18,872			Working Capital Fund
FedFleet 2005	Nashville, TN	6/5/2005	6/9/2005	147	1394		\$ 26,213	\$ 26,213	Governmentwide Policy
Supplier Management National Training Conference	Nashville, TN	8/8/2005	8/12/2005	216		\$ 233,726	\$ 29,231	\$ 262,957	Acquisition Services Fund
Portal Conference	Chicago, IL	8/9/2005	8/10/2005	124			\$ 3,711	\$ 3,711	Working Capital Fund
2005 Network Services Conference	Chicago, IL	8/15/2005	8/19/2005	224	1156	\$ 9,168	\$ 55,095	\$ 64,263	Acquisition Services Fund

OGP All Hands Offsite 2005	Rocky Gap, MD	8/18/2005	8/19/2005	200				\$ 38,548	\$ 38,548	Governmentwide Policy
Customer Conference 2005	Colorado Springs, CO	8/22/2005	8/23/2005	112	90			\$ 54,515	\$ 54,515	Federal Building Fund
PTZ National Crosstalk	Industry, CA	8/23/2005	8/25/2005	86			\$ 13,160	\$ 2,253	\$ 15,413	142 (Property Disposal)
Site Acquisition Conference	New York, NY	9/12/2005	9/16/2005	54			\$ 5,353	\$ 42,721	\$ 48,074	Federal Building Fund
2005 QMC Leadership Meeting	Kansas City, MO	9/19/2005	9/23/2005	70			\$ 14,326	\$ 29,474	\$ 43,800	Acquisition Services Fund
IDA & ACO Training Conference 2005	Mystic, CT	9/19/2005	9/23/2005	54	3					Acquisition Services Fund
PBS Leadership Offsite (GS-14s and 15s) FY06	Milwaukee, WI (Hilton/train)	10/25/2005	10/26/2005	59			\$ 16,780	\$ 18,720	\$ 35,500	Federal Building Fund, BA61
Measures Conference	Overland Park, KS	10/27/2005	10/27/2005	150			\$ 4,689	\$ 5,127	\$ 9,816	Federal Building Fund
Turning into One GSA/Symphony of Solutions	Bedford, MA	11/2/2005	11/2/2005	70	194		\$ 3,965		\$ 3,965	Federal Building Fund
2005 Business & RFM Meeting	Indianapolis, IN	11/4/2005	11/18/2005	143			\$ 19,209	\$ 22,293	\$ 41,502	Acquisition Services Fund
PBS All Hands Meeting	Philadelphia, PA	12/1/2005	12/1/2005	350			\$ 49,329	\$ 4,256	\$ 53,585	Federal Building Fund
Real Estate Conference	Palm Springs, CA	2/6/2006	2/9/2006	103			\$ 27,006	\$ 68,581	\$ 95,587	Federal Building Fund
Revenue/Pricing/Data Accuracy	Kansas City, MO	2/21/2006	2/24/2006	106			\$ 19,308	\$ 69,866	\$ 89,174	Federal Building Fund
PBS Capital Construction Conference	Kansas City, MO	3/20/2006	3/23/2006	304	13		\$ 172,984	\$ 176,283	\$ 349,267	Federal Building Fund
Property Management Conference 2006	Columbus, OH	4/27/2006	4/28/2006	171	1		\$ 31,119	\$ 67,704	\$ 98,823	Federal Building Fund, BA61
OGC Annual Training Conference	Philadelphia, PA	5/9/2006	5/12/2006	112	3		\$ 26,044			Working Capital Fund
2006 GSA Expo	San Antonio, TX	5/16/2006	5/18/2006	903			\$ 135,866	\$ 206,460	\$ 342,326	Acquisition Services Fund
2006 Western Regions Conference	Oklahoma City, OK	6/5/2006	6/9/2006	210			\$ 275,578	\$ 48,277	\$ 323,855	Federal Building Fund
FedFleet 2006	Los Angeles, CA	6/18/2006	6/22/2006	153	1330			\$ 58,338	\$ 58,338	Governmentwide Policy

National Travel Forum 2006	Los Angeles, CA	6/27/2006	6/29/2006	63	950	\$ 313,542	\$ 57,519	\$ 371,061	Governmentwide Policy Fund
Realty Services Branch Training	Puyallup, WA	9/25/2006	9/29/2006	65		\$ 2,308	\$ 27,072	\$ 29,380	Federal Building Fund
PBS Leadership Offsite (GS-14s and 15s) FY07	Milwaukee, WI	10/16/2006	10/17/2006	60		\$ 17,058	\$ 20,200	\$ 37,258	Federal Building Fund
Many Hands 2006	Auburn, WA	10/24/2006	10/26/2006	230		\$ 67,241	\$ 66,501	\$ 133,742	Federal Building Fund
Small Business Conference	Atlanta, GA	11/9/2006		300		\$ 734		\$ 734	Acquisition Services Fund
Annual Meeting 2006	Lakewood, CO	11/9/2006	11/9/2006	350		\$ 6,032	\$ 1,623	\$ 7,654	Federal Building Fund
2006 Business & RFM Meeting	New Orleans, LA	11/12/2006	11/16/2006	138		\$ 18,250	\$ 38,306	\$ 56,556	Acquisition Services Fund
Asset Business Team 4th Quarter FY 06 Review 4th Quarter FY 06 Review	Atlanta GA	11/29/2006	12/1/2006	120		\$ 4,500	\$ 13,663	\$ 18,163	Federal Building Fund
PBS All Hands Meeting	Philadelphia, PA	12/7/2006	12/7/2006	350		\$ 23,749	\$ 5,426	\$ 29,175	Federal Building Fund
First Annual AAS Directors Conference	Pensacola, FL	1/23/2007	1/25/2007	64		\$ 11,983	\$ 16,628	\$ 28,611	Acquisition Services Fund
Regional Fleet Conference	Atlanta, GA	2/27/2007	2/29/2007	53		\$ 35,638	\$ 1,498	\$ 37,136	Acquisition Services Fund
R9 Leadership Council Meeting	Sacramento, CA	3/12/2007	3/15/2007	48		\$ 13,242	\$ 25,597	\$ 38,839	Federal Building Fund
West Coast Customer Workshop	Seattle, WA	4/16/2007	4/18/2007	100	100	\$ 66,940	\$ 3,756	\$ 70,696	Federal Building Fund
Acquisition Day and IT Training	Ft. Worth, TX	4/16/2007	4/16/2007	100		\$ 948		\$ 948	Acquisition Services Fund
2007 Acquisition Day	Fort Worth, TX	4/17/2007	4/17/2007	349		\$ 15,344	\$ 9,232	\$ 24,576	Federal Building Fund
Property Management Conference 2007	Lake Geneva, WI	4/18/2007	4/19/2007	174		\$ 33,268	\$ 35,789	\$ 69,057	Federal Building Fund
Asset Business Team Quarterly Review 2nd Qtr. FY07	Atlanta, GA	4/26/2007	4/27/2007	120		\$ 6,143	\$ 18,432	\$ 24,575	Federal Building Fund
GSA Expo 2007	Orlando, FL	5/15/2007	5/17/2007	447	5811**	\$ 811,817	\$ 185,696	\$ 997,513	Acquisition Services Fund
All Hands Offsite 2007	Ellicott City, MD	6/2/2007	6/3/2007	approx. 50		\$ 2,650	\$ 450	\$ 3,100	Governmentwide Policy Fund

PBS R3 PBS Managers Conference	Philadelphia, PA	6/6/2007	6/7/2007	60		\$ 6,657	\$ 6,856	\$ 13,513	Federal Building Fund
OCIO Management KickOff	Baltimore, MD	6/12/2007	6/14/2007	72	1	\$ 21,438	\$ 126,070	\$ 147,508	Working Capital Fund
PBS R9 Property Mgmt/Procurement Conference	Phoenix, AZ	6/25/2007	6/29/2007	107		\$ 71,985	\$ 102,584	\$ 174,569	Federal Building Fund
Operations Conference	Portland, OR	6/25/2007	6/29/2007	150		\$ 4,860	\$ 55,189	\$ 60,049	Federal Building Fund
FedFleet 2007	Orlando, FL	7/22/2007	7/26/2007	168	1340		\$ 35,966	\$ 35,966	Governmentwide Policy
2007 Network Services Conference	Denver, CO	8/6/2007	8/9/2007	179	1155	\$ 147,387			Acquisition Services Fund
Customer Conference - 2007	Austin, TX	8/13/2007	8/15/2007	78	52	\$ 57,554	\$ 39,000	\$ 96,554	Federal Building Fund
CAB Conference	Overland Park, KS	8/13/2007	8/15/2007	200		\$ 7,243	\$ 12,479	\$ 19,721	Federal Building Fund
FAS Regional Offsite FY07	Madison, WI	8/21/2007	8/23/2007	75		\$ 34,345			Acquisition Services Fund
FSR Meeting	Fort Worth, TX	9/10/2007	9/14/2007	64		\$ 63,833			Acquisition Services Fund
PBS Leadership Offsite (GS-14s and 15s) FY08	Lake Geneva, WI	10/11/2007	10/11/2007	62		\$ 14,347	\$ 25,018	\$ 39,365	Federal Building Fund
International Marketing Conference 2007	Phoenix, AZ	10/15/2007	10/19/2007	102		\$ 81,921	\$ 3,201	\$ 85,122	Acquisition Services Fund
2007 QMC Leadership Meeting	Annapolis, MD	10/15/2007	10/19/2007	70		\$ 52,372	\$ 5,875	\$ 58,247	Acquisition Services Fund
2007 National Building Operations & Maintenance Conference	New Orleans, LA	10/22/2007	10/24/2007	65		\$ 14,508	\$ 81,632	\$ 96,140	Federal Building Fund
Real Estate Conference	PORTLAND, OR	10/29/2007	11/2/2007	85		\$ 16,970	\$ 66,315	\$ 83,285	Federal Building Fund
2007 Business & RFM Meeting	Pittsburgh, PA	11/5/2007	11/9/2007	133		\$ 52,236	\$ 23,880	\$ 76,116	Acquisition Services Fund
Regional Acquisition Professionals Conference FY2008	Chicago, IL	11/5/2007	11/6/2007	120	5	\$ 8,083	\$ 13,834	\$ 21,917	Federal Building Fund
R9 Leadership Council Meeting	San Diego, CA	11/12/2007	11/14/2007	53		\$ 26,138	\$ 40,277	\$ 66,415	Federal Building Fund
BIM Conference - Nov 13 - 15, 2007	Kansas City, MO	11/13/2007	11/15/2007	55		\$ 9,572	\$ 6,175	\$ 15,747	Federal Building Fund

Annual Meeting 2007	Golden, CO	11/28/2007	11/28/2007	390		\$ 9,115	\$ 14,476	\$ 23,591	Federal Building Fund
Asset Business Team Quarterly Review 2nd Qtr. FY07	Atlanta, GA	11/28/2007	11/29/2007	120		\$ 5,392	\$ 22,048	\$ 27,440	Federal Building Fund
OGC Annual Training Conference	Las Vegas, NV	1/14/2008	1/17/2008	116	2	\$ 32,000	\$ 91,394	\$ 123,394	Working Capital Fund
Measures Conference	Kansas City, MO	1/24/2008	1/25/2008	200		\$ 6,589	\$ 19,572	\$ 26,161	Federal Building Fund
IO Offsite	New Orleans, LA	2/10/2008	2/15/2008	59	1	\$ 17,618	\$ 44,751	\$ 62,369	Working Capital Fund
Many Hands 2008	BLAINE, WA	2/11/2008	2/14/2008	275	1	\$ 101,192	\$ 45,881	\$ 147,073	Federal Building Fund
Regional AASD conference	Atlanta, GA	2/19/2008	2/21/2008	60		\$ 31,742		\$ 31,742	Acquisition Services Fund
BIM Conference 2008	Atlanta, GA	3/3/2008	3/5/2008	54	16	\$ 7,945	\$ 1,500	\$ 9,445	Federal Building Fund
2008 Capital Construction Conference	CHICAGO, IL	3/24/2008	3/27/2008	282		\$ 259,661	\$ 330,310	\$ 589,971	Federal Building Fund
National GWAC Conference	San Diego, CA	3/31/2008	4/4/2008	approx. 50	1	\$ 6,692	\$ 31,506	\$ 38,198	Acquisition Services Fund
Procurement Conference	Kansas City, MO	4/2/2008	4/2/2008	55		\$ 5,231	\$ 6,218	\$ 11,449	Federal Building Fund
GSA Expo 2008	Orange County, CA	4/21/2008	4/23/2008	619	6141**	\$ 686,215	\$ 121,269	\$ 807,484	Acquisition Services Fund
Property Management Conference 2008	Minneapolis, MN	5/6/2008	5/8/2008	193	1	\$ 59,350	\$ 74,285	\$ 133,635	Federal Building Fund
2008 Acquisition Day	Fort Worth, TX	5/29/2008	5/29/2008	263	1	\$ 2,130	\$ 12,346	\$ 14,476	Federal Building Fund
LPOE + PDD Offsite	Fontana, WI	6/7/2008	6/4/2008	63		\$ 18,202	\$ 21,798	\$ 40,000	Federal Building Fund
HVAC Excellence Workshop	Seattle, WA	6/3/2008	6/5/2008	62		\$ 49,500	\$ 77,906	\$ 127,406	Federal Building Fund
FedFleet 2008	Dallas, TX	6/22/2008	6/26/2008	183	1485		\$ 44,340		Governmentwide Policy
Real Estate Conference	Las Vegas, NV	6/30/2008	7/3/2008	127		\$ 43,603	\$ 104,329	\$ 147,932	Federal Building Fund
Supplier Management National Training Conference	Phoenix, AZ	7/21/2008	7/25/2008	217		\$ 279,840	\$ 36,885	\$ 316,725	Acquisition Services Fund
2008 GSA SmartPay Training Conference	Denver, CO	7/22/2008	7/24/2008	65	5498	\$ 655,538	\$ 25,839	\$ 681,377	Acquisition Services Fund

OCIO IT Manager Offsite	PHOENIX, AZ	8/3/2008	8/8/2008	50	25	\$ 12,671	\$ 85,453	\$ 98,124	Working Capital Fund
2008 Network Services Conference	Dallas, TX	8/11/2008	8/14/2008	144	1003	\$ 9,483	\$ 96,694	\$ 106,177	Acquisition Services Fund
Learning From Our Legacy	Buffalo, NY	8/12/2008	8/14/2008	51	9	\$ 11,192	\$ 7,732	\$ 18,924	Federal Building Fund
CAB Conference	Kansas City, MO	8/21/2008	8/22/2008	200		\$ 10,403	\$ 13,622	\$ 24,025	Federal Building Fund
National Border Conference *	FORT WORTH, TX	9/8/2008	9/8/2008	76		\$ 86,143	\$ 793	\$ 86,936	Federal Building Fund
PBS Leadership Offsite (GS-14s and 15s) FY09	Fontana, WI	10/6/2008	10/7/2008	59		\$ 17,058	\$ 20,200	\$ 37,258	Federal Building Fund
GSA Partnering Meeting	Jackson, MI	10/12/2008	10/12/2008	8	62	\$ 1,847	\$ 8,996	\$ 10,843	Federal Building Fund
2008 QMC Leadership Meeting	Flintstone, MD	10/20/2008	10/24/2008	85		\$ 56,352	\$ 2,333	\$ 58,685	Acquisition Services Fund
PBS National Broker Contract Performance Evaluation Board Meeting & Training	New Orleans, LA	10/20/2008	10/24/2008	51		\$ 47,221	\$ 39,184	\$ 86,405	Federal Building Fund
Western Regions Conference	New Orleans, LA	10/20/2008	10/25/2008	268		\$ 191,239	\$ 463,786	\$ 655,025	Federal Building Fund
International CSD Business Conference	Tampa, FL	10/27/2008	11/3/2008	108		\$ 36,541	\$ 52,905	\$ 89,446	Acquisition Services Fund
2008 GSS Business Meeting: Shaping the Future-It Starts with YOU	Philadelphia, PA	11/17/2008	11/21/2008	90		\$ 23,956	\$ 44,435	\$ 68,391	Acquisition Services Fund
R8 Annual Meeting 2008	Lakewood, CO	11/20/2008	11/20/2008	400		\$ 16,968	\$ 11,828	\$ 28,796	Federal Building Fund
Regional AASD conference	Helen, GA	12/1/2008	12/3/2008	61		\$ 37,749	\$ 1,606	\$ 39,355	Acquisition Services Fund
PMSC Quarterly Managers Meeting	Milwaukee, WI	12/2/2008	12/4/2008	50		\$ 4,243	\$ 24,800	\$ 29,043	Federal Building Fund
Pegasys-Comprizon Standardization Conference	Las Vegas, NV	12/8/2008	12/12/2008	59		\$ 1,001	\$ 64,662	\$ 65,663	Federal Building Fund
GS-13 Culture Improvement Training	Auburn, WA	12/11/2008	12/11/2008	70		\$ 560	\$ 2,982	\$ 3,542	Federal Building Fund
Service Centers Division Joint Meeting/PBS Sr. Staff Meeting	Portsmouth, NH	1/21/2009	1/23/2009	73		\$ 110	\$ 24,916	\$ 25,026	Federal Building Fund
Measures Conference	Overland Park, KS	2/2/2009	2/3/2009	150		\$ 11,089	\$ 12,714	\$ 23,803	Federal Building Fund

Leadership Offsite	Overland Park, KS	2/4/2009	2/5/2009	50		\$ 10,212	\$ 719	\$ 10,931	Federal Building Fund
BFMD Offsite	Milwaukee, WI	2/18/2009	2/20/2009	51		\$ 7,920	\$ 20,458	\$ 20,458	Federal Building Fund
R9 Leadership Council Meeting	Orange County, CA	3/1/2009	3/4/2009	54		\$ 19,910	\$ 38,912	\$ 58,822	Federal Building Fund
Regional Acquisition Professionals Conference	Chicago, IL	3/2/2009	3/3/2009	130	6	\$ 6,349	\$ 22,260	\$ 28,609	Federal Building Fund
R9 Financial Management Conference	San Francisco, CA	3/16/2009	3/19/2009	81		\$ 39,592	\$ 34,601	\$ 74,193	Federal Building Fund
GGC Annual Training Conference	Chicago, IL	3/30/2009	4/2/2009	121	5	\$ 37,454	\$ 115,862	\$ 153,316	Working Capital Fund
2009 Capital Construction Conference	San Francisco, CA	4/13/2009	4/16/2009	355			\$ 406,840	\$ 406,840	Federal Building Fund
Sponsoring Agency Roundtable	Washington, DC	4/14/2009	4/15/2009	35	13	\$ 19,340		\$ 19,340	142 (Property Disposal) Working Capital Fund
CFO Conference for Financial Services Transition	Kansas City, MO	4/15/2009	4/16/2009	57			\$ 12,976	\$ 12,976	Working Capital Fund
IRMCO 2009	Cambridge, MD	4/19/2009	4/22/2009	55	254	\$ 65,725	\$ 3,589	\$ 69,314	Governmentwide Policy
Property Management Conference 2009	Grand Rapids, MI	4/21/2009	4/23/2009	191	3	\$ 45,594	\$ 75,115	\$ 120,709	Federal Building Fund
PBS All Hands Meeting	Philadelphia, PA	5/27/2009	5/27/2009	392		\$ 21,916	\$ 18,528	\$ 40,444	Federal Building Fund
New Associate Orientation	Federal Way, WA	6/2/2009	6/3/2009	55		\$ 853	\$ 3,625	\$ 4,478	Federal Building Fund
GSA Expo 2009	San Antonio, TX	6/7/2009	6/9/2009	689	5766**	\$ 672,460	\$ 268,052	\$ 940,512	Acquisition Services Fund
D&C Conference	Sonoma, CA	6/30/2009	7/1/2009	60		\$ 20,870		\$ 20,870	Federal Building Fund
Childcare Conference	Orlando, FL	7/20/2009	7/23/2009	120	302	\$ 205,025	\$ 92,022	\$ 297,047	Federal Building Fund
PBS R9 Property Mgmt/Procurement Conference	Scottsdale, AZ	7/20/2009	7/24/2009	156	1	\$ 67,376	\$ 176,249	\$ 243,625	Federal Building Fund
FedFleet 2009	Chicago, IL	7/26/2009	7/30/2009	211	1511		\$ 48,480	\$ 48,480	Governmentwide Policy

2009 GSA SmartPay Training Conference	Phoenix, AZ	7/28/2009	7/30/2009	67	4667	\$ 703,024	\$ 29,052	\$ 732,076	Acquisition Services Fund
2009 Network Services Conference	Chicago, IL	8/10/2009	8/13/2009	218		\$ 24,785	\$ 145,170	\$ 169,955	Acquisition Services Fund
Regional Fleet Off-Site Conference	Braselton, GA	8/11/2009	8/13/2009	70		\$ 41,221	\$ 933	\$ 42,154	Acquisition Services Fund
NFSRC Conference	Albuquerque, NM	8/17/2009	8/20/2009	66		\$ 67,450			Acquisition Services Fund
RS PBS Trainee Forum 2009	Chicago, IL	8/25/2009	8/27/2009	105		\$ 1,050	\$ 57,333	\$ 58,383	Federal Building Fund
Service Centers Division Joint Meeting/PBS Sr. Staff Meeting	Portland, ME	9/8/2009	9/11/2009	101		\$ 491	\$ 28,376	\$ 28,867	Federal Building Fund
CAB Conference	Kansas City, MO	9/9/2009	9/10/2009	150		\$ 23,398	\$ 13,113	\$ 36,511	Federal Building Fund
2009 Business & RFM Meeting	Kansas City, MO	9/21/2009	9/25/2009	139		\$ 2,745	\$ 36,666	\$ 39,411	Acquisition Services Fund
PBS Leadership Offsite (GS-14s and 15s) FY10	Milwaukee, WI	10/5/2009	10/7/2009	70		\$ 13,324	\$ 34,020	\$ 47,344	Federal Building Fund
Real Estate and Facilities Conference	SPOKANE, WA	10/19/2009	10/23/2009	137			\$ 131,423	\$ 131,423	Federal Building Fund
GSA Excellence in Acquisition Training 2009	Las Vegas, NV	10/27/2009	10/29/2009	601		\$ 275,254	\$ 263,233	\$ 538,487	Governmentwide Fund
QMC 2009 Leadership Conference	Cambridge, MD	11/2/2009	11/6/2009	85		\$ 75,760	\$ 5,973	\$ 81,733	Acquisition Services Fund
GSA National BIM Workshop	Fort Worth, TX	11/3/2009	11/5/2009	61	35	\$ 900	\$ 35,000	\$ 35,900	Federal Building Fund
R9 Leadership Council Meeting	Las Vegas, NV	11/3/2009	11/5/2009	80		\$ 40,218	\$ 59,941	\$ 100,159	Federal Building Fund
Asset Business Team Quarterly Review 4th Qtr. FY08	Atlanta, GA	11/17/2009	11/18/2009	120		\$ 3,399	\$ 18,779	\$ 22,178	Federal Building Fund
Asst. Comm./Reg'l CFO Conference	Denver, CO	11/18/2009	11/20/2009	60			\$ 41,835	\$ 41,835	Federal Building Fund
Annual Meeting 2009	Denver, CO	11/18/2009	11/18/2009	450		\$ 39,533	\$ 13,109	\$ 52,642	Federal Building Fund
2009 GSS Business Meeting: Building the Culture of Collaboration	San Diego, CA	11/30/2009	12/4/2009	100		\$ 10,479	\$ 81,071	\$ 91,550	Acquisition Services Fund
PMSC Quarterly Managers Meeting	Indianapolis, IN	1/26/2010	1/28/2010	51		\$ 2,042	\$ 27,566	\$ 29,608	Federal Building Fund
IO Offsite	Orlando, FL	2/28/2010	3/5/2010	58	1	\$ 47,371	\$ 93,701	\$ 141,072	Working Capital Fund

Regional Acquisition Professionals Conference EX2010	Chicago, IL	3/9/2010	3/10/2010	110	5	\$ 14,450	\$ 11,683	\$ 26,133	Federal Building Fund
SEOC Training Conference	Chattanooga, TN	3/14/2010	3/18/2010	69		\$ 10,952	\$ 51,198	\$ 62,150	Acquisition Services Fund
R9 Leadership Council Meeting	Phoenix, AZ	3/15/2010	3/18/2010	60		\$ 48,621	\$ 60,199	\$ 108,820	Federal Building Fund
OGC Annual Training Conference	Atlanta, GA	3/16/2010	3/19/2010	133	4	\$ 34,027	\$ 97,764	\$ 131,791	Working Capital Fund
FMIHAC Industry Day	St. Louis, MO	3/22/2010	3/25/2010	69	282	\$ 12,187	\$ 9,240	\$ 21,427	Acquisition Services Fund
IRMCO 2010	Cambridge, MD	4/11/2010	4/24/2010	approx. 50	230	\$ 59,750	\$ 3,263	\$ 3,263	Governmentwide Policy
MAS Summit	Chicago, IL	4/18/2010	4/22/2010	36		\$ 1,534	\$ 32,000	\$ 33,534	Acquisition Services Fund
GSA National GWAC Conference	New Orleans, LA	4/19/2010	4/22/2010	56		\$ 28,922	\$ 40,251	\$ 69,173	Acquisition Services Fund
R9 Real Estate Conference	Monterey, CA	4/19/2010	4/22/2010	162		\$ 53,997	\$ 153,112	\$ 207,109	Federal Building Fund
CFO Financial Services Division Conference	FORT WORTH, TX	4/26/2010	4/28/2010	240		\$ 9,490	\$ 145,777	\$ 155,267	Working Capital Fund
Property Management Conference 2010	Indianapolis, IN	4/27/2010	4/29/2010	267	10	\$ 69,435	\$ 92,686	\$ 162,121	Federal Building Fund
GSA Expo 2010	Orlando, FL	5/2/2010	5/4/2010	726	2665	\$ 552,800	\$ 375,950	\$ 928,750	Acquisition Services Fund
CFO Conference at GSA Expo	Orlando, FL	5/2/2010	5/4/2010	64		\$ 8,217	\$ 80,648	\$ 88,865	Working Capital Fund
Intern Conference in Palm Springs, CA	Palm Springs, CA	5/10/2010	5/14/2010	154		\$ 85,049	\$ 177,873	\$ 262,922	Federal Building Fund
2010 Capital Construction Conference	New Orleans, LA	5/11/2010	5/13/2010	411	19	\$ 341,716	\$ 376,473	\$ 718,189	Federal Building Fund
CPO Conference	Orlando, FL	5/17/2010	5/20/2010	205	8	\$ 202,917	\$ 121,378	\$ 324,295	Working Capital Fund
Spatial Data Mgmt, Rent Bill Mgmt and Pricing Policy Combined Conf	Las Vegas, NV	5/23/2010	5/25/2010	51		\$ 12,507	\$ 60,788	\$ 73,295	Federal Building Fund
Senior Leadership Conference	Atlanta, GA	5/25/2010	5/27/2010	167		\$ 159,346	\$ 157,778	\$ 317,124	Working Capital Fund
FY 2010 1st Annual Service Center Director's Training Conference	Pine Mountain, GA	6/7/2010	6/10/2010	81		\$ 29,338	\$ 37,580	\$ 66,918	Federal Building Fund

2010 Acquisition Day	Fort Worth, TX	6/10/2010	6/10/2010	246	4	\$	500	\$	7,328	\$	7,828	Federal Building Fund
GSA's Conflict Management Summit	Chicago, IL	6/15/2010	6/17/2010	214	12	\$	79,170	\$	255,741	\$	334,911	Working Capital Fund
Network Services Conference 2010	Orlando, FL	6/21/2010	6/23/2010	179		\$	24,344	\$	129,916	\$	154,260	Acquisition Services Fund
FedFleet 2010	Phoenix, AZ	7/11/2010	7/15/2010	191	1612			\$	53,806	\$	53,806	Governmentwide Policy
Child Care Conference	Las Vegas, NV	7/13/2010	7/15/2010	123	317	\$	174,313	\$	106,765	\$	281,078	Federal Building Fund
R9 Leadership Council Meeting	Sonoma, CA	7/18/2010	7/22/2010	59		\$	6,106	\$	56,443	\$	62,549	Federal Building Fund
R5 Design & Construction Professionals Conference 2010	Oak Brook, IL	8/3/2010	8/5/2010	155	10	\$	48,142	\$	55,106	\$	103,248	Federal Building Fund
2010 GSA SmartPay Training Conference	Atlanta, GA	8/10/2010	8/12/2010	63	4910	\$	742,675	\$	32,444	\$	775,119	Acquisition Services Fund
Supplier Management National Training Conference	Denver, CO	8/23/2010	8/27/2010	208		\$	241,461	\$	41,285	\$	282,746	Acquisition Services Fund
Regional Fleet Conference	Lake Lanier, GA	8/24/2010	8/27/2010	70		\$	53,801			\$	53,801	Acquisition Services Fund
R5 PBS Trainee Forum 2010	Chicago, IL	8/24/2010	8/26/2010	103		\$	3,746	\$	52,227	\$	55,973	Federal Building Fund
Leadership Offsite	Kansas City, MO	8/24/2010	8/26/2010	50		\$	13,784			\$	13,784	Federal Building Fund
NNSA Ground Breaking Event	Kansas City, MO	9/8/2010	9/8/2010	50	350	\$	4,795			\$	4,795	Federal Building Fund
Regional Administrators Award Ceremony/Sustainability Training	Boston, MA	9/9/2010	9/9/2010	299	1	\$	47,799	\$	10,442	\$	58,241	Federal Building Fund
2010 Business & RFM Meeting	San Diego, CA	9/20/2010	9/23/2010	144	1	\$	26,574	\$	52,859	\$	79,433	Acquisition Services Fund
NBC2 Zonal	San Diego, CA	9/20/2010	9/22/2010	54***				\$	50,861	\$	50,861	Federal Building Fund
PBS Leadership Offsite (GS-14s and 15s) FY11	Lisle, IL	10/5/2010	10/6/2010	64		\$	15,293	\$	14,004	\$	29,297	Federal Building Fund
Service Centers Division Joint Meeting/PBS Sr. Staff Meeting	Mashantucket, CT	10/17/2010	10/20/2010	127	1	\$	5,099	\$	43,748	\$	60,192	Federal Building Fund
OCIO Summit	Baltimore, MD	10/25/2010	10/28/2010	261		\$	65,858	\$	25,202	\$	91,060	Working Capital Fund

QMC 2010 Leadership Conference	Cambridge, MD	10/25/2010	10/29/2010	82		\$ 41,773	\$ 26,910	\$ 68,683	Acquisition Services Fund
2010 PBS Western Regions Conference	Las Vegas, NV	10/25/2010	10/29/2010	280		\$ 411,755	\$ 428,861	\$ 840,616	Federal Building Fund
R9 Leadership Council Meeting	Dana Point, CA	11/15/2010	11/18/2010	64		\$ 36,841	\$ 54,739	\$ 91,580	Federal Building Fund
Lease Reform Implementation Conference	Orlando, FL	11/15/2010	11/18/2010	70	5	\$ 83,333	\$ 94,541	\$ 109,803	Federal Building Fund
PMSC Quarterly Managers Meeting	Indianapolis, IN	11/30/2010	12/2/2010	50		\$ 4,243	\$ 26,725	\$ 30,968	Federal Building Fund
RCFO/ PT/Realty Conference	San Francisco, CA	12/6/2010	12/10/2010	71		\$ 7,911	\$ 48,142	\$ 56,053	Federal Building Fund
CPSC Mgmt Offsite 2010	Chicago, IL	12/7/2010	12/7/2010	100		\$ 3,935		\$ 3,935	Federal Building Fund
SEOC Training Conference	Chattanooga, TN	3/14/2011	3/18/2011	69	1	\$ 11,042	\$ 51,198	\$ 62,240	Acquisition Services Fund
FMHAC Industry Day	St. Louis, MO	3/21/2011	3/24/2011	65	282	\$ 21,751	\$ 3,791	\$ 25,542	Acquisition Services Fund
OGC Annual Training Conference	Cambridge, MD	3/28/2011	3/31/2011	135	4	\$ 42,802	\$ 92,156	\$ 134,958	Acquisition Working Capital Fund
FAS Leadership Summit	Orlando, FL	4/4/2011	4/7/2011	156		\$ 258,023	\$ 79,269	\$ 337,292	Acquisition Services Fund
Fleet All Hands 2011	Detroit, MI	4/25/2011	4/28/2011	52		\$ 24,421	\$ 5,770	\$ 30,191	Acquisition Services Fund
GSA EXPO 2011 and Network Services Conference	San Diego, CA	5/8/2011	5/10/2011	626	2317	\$ 403,335	\$ 617,309	\$ 1,020,644	Acquisition Services Fund
R9 Leadership Council Meeting	San Diego, CA	5/17/2011	5/19/2011	110		\$ 95,306	\$ 86,405	\$ 181,711	Federal Building Fund
RSO Conference incorporating Lease Reform training in Atlanta	Atlanta, GA	6/6/2011	6/9/2011	148		\$ 31,534	\$ 161,454	\$ 192,988	Federal Building Fund
R4 Leadership Strategic Planning Meeting	Atlanta, GA	6/15/2011	6/17/2011	86		\$ 7,098	\$ 1,887	\$ 8,985	Acquisition Services Fund
Facilities Mgmt Training Forum 2011 (formerly PM Conf)	Oak Brook, IL	6/23/2011	6/24/2011	217	2	\$ 30,814	\$ 23,843	\$ 54,657	Federal Building Fund
FedFleet Conference 2011	Orlando, FL	7/24/2011	7/28/2011	202	1651		\$ 51,672	\$ 51,672	Governmentwide Policy

R5 Design & Construction Professionals Training Forum 2011	Burr Ridge, IL	8/1/2011	8/3/2011	101	4	\$ 615	\$ 15,400	\$ 16,015	Federal Building Fund
2011 GSA SmartPay Training Conference	Las Vegas, NV	8/16/2011	8/18/2011	84	6350	\$ 793,142	\$ 44,701	\$ 837,843	Acquisition Services Fund
Regional Fleet Conference	Pine Mountain, GA	8/23/2011	8/25/2011	57		\$ 22,776	\$ 2,444	\$ 25,220	Acquisition Services Fund
Regional Performance Review Conference-Summer 2011	Fort Worth, TX	8/23/2011	8/23/2011	60		\$ 2,045	\$ 7,500	\$ 9,545	Federal Building Fund
Perfect Customer Experience Conference	Fort Worth, TX	8/24/2011	8/24/2011	150		\$ 22,613		\$ 22,613	Federal Building Fund
Property Management Offsite/Workshop	Colorado Springs, CO	8/29/2011	9/2/2011	59		\$ 11,861	\$ 35,434	\$ 47,295	Federal Building Fund
PBS/FAS Senior Leadership Conference	Austin, TX	9/11/2011	9/16/2011	208		\$ 23,601	\$ 88,530	\$ 112,131	Federal Building Fund
PMSC Quarterly Managers Meeting	Indianapolis, IN	9/13/2011	9/14/2011	50		\$ 2,042	\$ 19,125	\$ 21,167	Federal Building Fund
2011 Business & RFM Meeting	Savannah, GA	9/17/2011	9/20/2011	148	3	\$ 28,350	\$ 26,886	\$ 55,236	Acquisition Services Fund
R02, Leadership Offsite	Long Branch, NJ	9/19/2011	9/21/2011	54	1	\$ 5,706	\$ 13,673	\$ 19,379	Federal Building Fund
Service Centers Division /FMSP Division Joint Meeting	Falmouth, MA	10/2/2011	10/6/2011	116	1	\$ 2,240	\$ 48,551	\$ 50,791	Federal Building Fund
PBS Leadership Offsite (GS-14s and 15s) FY12	Burr Ridge, IL	10/3/2011	10/4/2011	64		\$ 830	\$ 7,680	\$ 8,510	Federal Building Fund
QMC 2011 Leadership Conference	Cambridge, MA	10/24/2011	10/28/2011	90		\$ 69,341	\$ 21,676	\$ 91,017	Acquisition Services Fund
OCCO I and IO Offsites	Philadelphia, PA	1/29/2012	2/3/2012	52	41	\$ 18,734	\$ 68,167	\$ 86,901	Working Capital Fund
Regional AASD Conference	Kissimmee, FL	2/13/2012	2/15/2012 approx.	50			\$ 50,300	\$ 50,300	Acquisition Services Fund
Mountain Plains Off-site	Boulder, CO	2/14/2012	2/16/2012	75			\$ 11,570	\$ 11,570	Federal Building Fund
R9 Leadership Council Meeting	Napa, CA	3/12/2012	3/15/2012	79		\$ 39,920	\$ 59,222	\$ 99,142	Federal Buildings Fund

** Number of registrants; actual non-GSA attendance figures unavailable
 *** Reflects only Region 9 personnel attendance and/or travel costs.

The information listed for the *Childcare Conference* held from July 20th, 2009 to July 23rd, 2009 is from an earlier estimate that did not account for attendees who were not GSA employees. There were 422 attendees at the conference, of which 120 were GSA employees. It was previously reported by Bloomberg News that the per person cost for the conference was \$4,354; however, the per person cost is \$609.

Blank spaces within the sheet indicate either that cost/attendance are unknown or zero.

Enclosure L

From: **Robert Zarnetske (1A)**
Date: Wed, Aug 15, 2012
Subject: Re: CORRECTED ATTACHMENT to Lieberman/Collins
To: "Lisa Austin (S)"

Lisa, despite the jumble, I was able to read the relevant attachments and YES they are accurate for R1.

Robert Zarnetske
Regional Administrator
US General Services Administration
10 Causeway Street
Boston, MA 06360

From: **Denise Pease (2A)**
Date: Tue, Aug 14, 2012
Subject: Re: CORRECTED ATTACHMENT to Lieberman/Collins
To: _____

Ok then I approve all travel for both PBS & FAS. It goes from RCs to me .

Denise L. Pease
Regional Administrator
U.S. General Services Administration
26 Federal Plaza, Room 18-100
New York, NY 10278

From: **Sara Manzano-Diaz (3A)**
Date: Fri, Aug 10, 2012
Subject: Senators Lieberman and Collins response.
To: Lisa Austin

Dear Lisa,

Thank you for your assistance in this matter. I have seen GSA's response to the letter from Senators Lieberman and Collins, dated May 17, 2012, addressed to me, and I acknowledge I have read the content.

Sara

Sara Manzano-Diaz
Regional Administrator

GSA Mid-Atlantic Region

From: Shyam Reddy (4A)
Date: Mon, Aug 13, 2012
Subject: Re: FOR YOUR IMMEDIATE ATTENTION PLEASE
To: "Lisa Austin (S)"

I have seen GSA's response to the letter from Senators Lieberman and Collins, dated May 17, 2012, addressed to me, and I acknowledge I have read the content.

Shyam

Shyam Reddy
Regional Administrator
General Services Administration
Southeast Sunbelt Region
77 Forsyth Street
Suite 600
Atlanta, Georgia 30303

From: Ann Kalayil (5A)
Date: Wed, Aug 15, 2012
Subject: Re: IMMEDIATE ACTION NEEDED
To: "Lisa Austin (S)"

Hi Lisa,

Thanks for sending us GSA's response to Senators Lieberman and Collins letter addressed to to all of the Regional Administrators. I've reviewed Region 5's information.

- Ann

From: Jason Klumb (6A)
Date: Wed, Aug 15, 2012
Subject: Re: IMMEDIATE ACTION NEEDED
To: "Lisa Austin (S)"

Confirm.

Jason Klumb
Regional Administrator

From: Sylvia Hernandez (7A)
Date: Fri, Aug 10, 2012
Subject: Re: FOR YOUR IMMEDIATE ATTENTION PLEASE

To: "Lisa Austin (S)"

I have seen GSA's response to the letter from Senators Lieberman and Collins, dated May 17, 2012, addressed to me, and I acknowledge I have read the content.

Sylvia L. Hernandez
Acting GSA Regional Administrator
Greater Southwest Region

From: **Susan Damour (8A)**
Date: Fri, Aug 10, 2012
Subject: Re: FOR YOUR IMMEDIATE ATTENTION PLEASE
To: "Lisa Austin (S)"

I have seen and acknowledge that I have read GSA's response to the May 17, 2012 letter from Senators Lieberman and Collins addressed to me.

Susan Damour
Regional Administrator
Region 8
Denver, Colorado

From: **Ruth Cox (9A)**
Date: Tue, Aug 14, 2012
Subject: Acknowledgment
To: "Lisa Austin (S)"

Hi Lisa,

I have seen GSA's response to the letter from Senators Lieberman and Collins, dated May 17, 2012, addressed to me, and I acknowledge I have read the content.

Ruth F. Cox
Regional Administrator

Region 9 - Pacific Rim
General Services Administration
450 Golden Gate Avenue, Room 5-2670
San Francisco, CA 94102

From: George Northcroft (10A)
Date: Mon, Aug 13, 2012
Subject: : FOR YOUR IMMEDIATE ATTENTION PLEASE
To: "Lisa Austin (S)"

Per your request:

I have seen GSA's response to the letter from Senators Lieberman and Collins, dated May 17, 2012, addressed to me, and I acknowledge I have read the content.

George Northcroft
Regional Administrator
Northwest/Arctic Region

From: Julia Hudson (WA)
Date: Wed, Aug 15, 2012
Subject: : FOR YOUR IMMEDIATE ATTENTION PLEASE
To: "Lisa Austin (S)"

Hi Lisa,

I have seen GSA's response to the letter from Senators Lieberman and Collins, dated May 17, 2012, addressed to me, and I acknowledge I have read the content." Please let me know if you have any questions. Many thanks!

National Capital Region, Regional Administrator Julia E. Hudson

**Post-Hearing Questions for the Record
Submitted to the Honorable Daniel M. Tangherlini
From Senator Joseph I. Lieberman**

**“Moving From Scandal to Strategy: The Future of the General Services Administration”
September 12, 2012**

- 1. The Committee has been closely following GSA’s program to consolidate the numerous databases relating to government contracts into one consolidated System for Award Management, or SAM. This platform has the potential to reduce duplication and improve efficiency in the contracting process. Unfortunately, the project has suffered numerous setbacks and is significantly over budget. GAO reported earlier this year that the cost of the project has already increased \$85 million.**

- a. The first phase of SAM went live this summer and the reviews from both federal acquisition personnel and contractors have not been good. What steps are you taking to get this project back on track?**

GSA continues to work aggressively to ensure that the System for Award Management (SAM) / Integrated Acquisition Environment (IAE) are meeting the critical information needs of our Federal agencies and external vendors.

Immediately following SAM’s launch, GSA initiated several strong actions with the vendor, IBM, to improve SAM performance. In August, GSA issued a letter of concern to IBM and directed it to address several pressing technical system issues. GSA also initiated weekly status meetings with the vendor to ensure that critical improvements are addressed in a timely manner.

In September, members of the GSA leadership team and I participated in the OMB-led TechStat review of IAE/SAM. This process aided in the performance review of SAM and in identifying next steps for improvement. We are also continuing to engage on interagency governance efforts for IAE.

As GSA works with IBM and following the TechStat, I am also making internal changes and transitioning the project to the Federal Acquisition Service (FAS) and the Office of the Chief Information Officer (CIO).

By transitioning the leadership of SAM to two of GSA’s top executives – the Acting FAS Commissioner and the Deputy CIO - GSA will ensure that the short term fixes and the long-term support needed to implement the vision of a consolidated award environment that supports Federal acquisition and assistance data collection and dissemination rests squarely with the leadership of GSA’s acquisition and technical experts. This will allow the current project manager, the Office of Government-wide Policy (OGP), to focus on ensuring that the IAE meets policy and regulatory requirements from our Federal partner agencies and OMB.

- b. I was surprised to learn that the Chief Information Officer (CIO) at GSA has not been involved in the SAM project. In your testimony, you said that you will consolidate all of GSA's IT functions under the CIO. What will this mean for SAM? Will the CIO now have a role in SAM?**

As I testified, I am in the process of consolidating GSA IT functions under the CIO to ensure appropriate oversight and management of important IT projects and operations. As part of the consolidation, I have also ensured that key projects like SAM have the active involvement and leadership of the GSA technical team. As I responded above, our Deputy CIO has now been assigned to help support the SAM project as his primary responsibility.

- 2. Your June 20, 2012 letter (in response to questions that Senator Collins and I submitted to you in our letter of May 10, 2012) provided information on the number of warranted contract officers in GSA's regions and at headquarters. I was surprised by the number of warranted contract officers in the Public Building Service (PBS). In 8 of the 11 regions, PBS has more contracting officers than the Federal Acquisition Service. Do you plan to conduct a review of GSA's process for granting warrant authority, the level of training required of contract officers, and GSA's oversight of its warrant program?**

GSA is conducting a phased-review of the overall warranting process for GSA contracting officers and anticipates completion of the first phase by Q1, 2013. The General Services Administration Acquisition Regulation (GSAR) Section 501, which addresses career development, the Contracting Officers' Warranting Program (COWP), and the role of the Acquisition Career Manager (ACM), is being revised. In addition, GSA is developing an Acquisition Career Manager handbook to accompany GSAR Section 501 in order to provide clear guidance to the ACMs throughout the Regions. This revision will provide strengthened and clear guidance on the structure and responsibilities of, and procedures for, COWP Boards in order to implement greater consistency across the agency.

- 3. Earlier this summer, the Government Accountability Office released a report on the role of Chief Acquisition Officers across the government (GAO-12-792). The Chief Acquisition Officer (CAO) is supposed to be the senior political appointee responsible for an agency's acquisition management and ensuring that the agency complies with procurement regulations. GAO reported that since the creation of the CAO position in 2003, GSA has had 10 different CAOs. And GAO's findings show that the role of the CAO at GSA is unclear.**

- a. Are you examining the role of the CAO as part of your top-to-bottom review of the agency?**

Yes. The CAO will play a critical role in both improving GSA's internal procurement operations, as well as driving greater value to our agency customers and taxpayers through cost-effective, high-value contracts. The CAO is helping to drive is the expansion of GSA strategic sourcing solutions across government.

b. What should GSA do to prevent the high turnover rate in the CAO position?

I have worked to provide greater stability to the GSA CAO position by having the CAO report directly to me and by tasking the CAO to lead projects to drive greater savings, transparency and accountability into acquisitions.

4. **GAO released a study in February entitled *The Air Force and Interior Can Benefit from Additional Guidance When Deciding Whether to Lease or Purchase Equipment* (GAO-12-281R). GAO determined that in the federal agencies surveyed, contracting officers infrequently completed an analysis to determine whether it is more cost effective to rent/lease or purchase equipment. The study also showed the inability to distinguish between rental and leasing contracts, because agencies assign both types of contracts with the same code, even though there are differences between rental contracts and leasing contracts, including the cost of maintenance, operation, storage, and warranties. The GAO report noted that during fiscal years 2006 through 2010, federal agencies spent more than \$200 billion annually, on average, to purchase or lease equipment, with purchases accounting for 99 percent of this spending. This fact suggests that agencies may overlook the potential for savings by almost always purchasing when equipment is needed on a temporary basis.**

a. Do you believe that the Federal Acquisition Regulation (FAR) should be amended to differentiate between leasing and renting? If not, why not?

The GAO report focused on the adequacy of the analysis used to support Air Force and Department of Interior lease vs. purchase decisions. While the GAO did not recommend that the FAR distinguish between renting and leasing, GSA supports seeking public input on whether amending the FAR would be the most cost effective approach.

b. The GAO report noted that contracting officers interviewed by GAO were unaware of GSA's role under the FAR of providing support to other agencies when reviewing lease/rent and purchase options. What will GSA do to make agencies aware of GSA's expertise in this area?

GSA has implemented the GAO recommendations to include updating our contact information in the FAR and on our website in order to provide customers with the assistance offered in the regulation

c. What other steps has GSA taken or planned in response to the GAO report?

While GSA has implemented GAO's recommendations, as mentioned in our response to question A, there will also be a request for public input to provide any suggestions for regulatory improvements related more generally to the GAO's findings. For instance, the GAO's report found that while contracting officials were generally aware of the guidance on lease vs. purchase decisions, they were uncertain of when and how to perform the analysis to support the decision. The objective of obtaining

the public input would be to improve the guidance to assist the workforce in performing an analysis that supports the most cost effective acquisition solution.

**Post-Hearing Questions for the Record
Submitted to the Honorable Daniel M. Tangherlini
From Senator Mark Begich
“Moving from Scandal to Strategy: The Future of the General Services Administration”
September 12, 2012**

- 1. I understand the Office of Federal Acquisition Service at the Government Services Administration has submitted a Request for Information on Cloud Brokerage. Has GSA already concluded that purchasing through private sector “cloud brokers” is the correct path, or is the cloud broker concept still an open question for GSA?**

GSA is exploring a Cloud Brokerage Service model but the eventual implementation model of the concept is still an open question. Prior to issuing the Request for Information, GSA encouraged input from Government agencies to determine the outstanding challenges in realizing the benefits from Cloud Computing. The published Request for Information is exactly that; an inquiry designed to further GSA’s understanding of the marketplace and how it can maximize the Government’s efficient use of Cloud Computing Services. Currently, GSA is analyzing the responses from the Request for Information. These data points, coupled with our continued communication with other Government agencies, will lead to a determination of whether or not to proceed with this approach and if so, how it should be structured.

- 2. One of the main selling points for cloud services is saving money, but some technology analysts have speculated that paying for “cloud brokers” could erase the cost savings. How confident are you that using “cloud brokers” instead of GSA employees will be a net benefit?**

Most large Cloud vendors choose to partner with a reseller when delivering their services to the Federal Government in a single partner arrangement which may limit competition over time. The Cloud Brokerage model may be more effective in aggregating business volume and in creating on-going competition among Cloud providers than a single award approach for each Cloud service. The Cloud Brokerage model is also used by some to provide integration among Cloud and legacy systems and security integration services that currently are performed by system integrators, so there may be little to no actual cost difference in total. To validate these concepts, as part of the Request for Information process, GSA is conducting an analysis of the market and cost benefits will be included to determine the impact of this approach.

**Post-Hearing Questions for the Record
Submitted to the Honorable Daniel M. Tangherlini
From Senator Scott P. Brown**

**“Moving from Scandal to Strategy: The Future of the General Services Administration”
September 12, 2012**

- 1. GSA issued an RFP (solicitation # QMAE-BD-110009-N) for vendors to supply "short term rental" services under blanket purchase agreements facilitated by GSA fleet for its government agency clients. The solicitation was for services to broaden access to and promotion of short-term car rentals (car sharing) to facilitate efficiency and savings for government agencies that would otherwise need to look to longer term and/or more expensive options to fill their short term needs. Awards were issued under this RFP back on October 6, 2011, almost a full year ago (under Blanket Purchase Agreement GS-30F-BPA16).**

- **What is the current status of the proposed pilot and the overall timeline for implementation?**

Solicitation # QMAE-BD-110009-N is for GSA Fleet to facilitate efficiency and savings for Government agencies that would otherwise need to look to longer term and/or more expensive options to fill surge or seasonal needs through its Short Term Rental (STR) Program. The STR Program itself is a well-established offering. Since early 2007, the program has made vehicle rentals available for use by GSA Fleet customers for the following purposes:

- To allow for the short-term replacement of GSA vehicles that are involved in an accident or are in need of a major repair.
- To support customer agency needs not associated with temporary duty travel (e.g., disaster support, political conventions, special events).
- To create a 24/7 emergency response capability to meet the immediate needs of entities responding to a declared emergency.

GSA Fleet does have a pilot underway for the STR Program's online ordering system, WebSTR, designed to expedite the process through which customers make reservations for vehicle rentals now available through the STR Program. In addition to providing customers online ordering through WebSTR, two other notable improvements are underway for the STR Program:

- The ability for customers to rent heavy equipment on a short-term basis in addition to standard vehicles. This will allow customer agencies an alternative to maintaining expensive heavy equipment that is often used on merely a seasonal basis.
- The opening of the offerings of the STR Program to the entire Federal Government upon conclusion of the pilot phase. To date, STR is a service only available to current GSA Fleet customers.

GSA Fleet launched the WebSTR pilot in July 2012 to four customer agencies in order to control the volume of orders while GSA utilized their feedback to continuously improve the system to meet customer needs.

The statement above also mentions car sharing, which was a separate initiative that GSA Fleet piloted to the Department of the Navy in San Diego from July 2010 to January 2011. GSA will respond in more detail below to your questions about the car sharing initiative.

- **What progress has been made with this BPA?**

GSA Fleet has issued 11 Blanket Purchase Agreements (BPAs) (under the solicitation # QMAE-BD-110009-N) for the STR Program in order to ensure broad coverage of potential short-term rental needs and to provide the best value for the customer by leveraging competition in the short-term rental market. These BPAs were initiated for a one-year base period with four one-year option periods, and GSA has exercised the first option to allow for rentals throughout FY2013. All eligible vendors, to include hourly rentals, had an opportunity to submit a proposal under the solicitation.

The BPA noted in the first statement of the inquiry, GS-30F-BPA16, was one of eleven (11) BPAs awarded to private sector vendors in support of the Short Term Rental Program. Zipcar, Inc was awarded GS-30F-BPA16 to support potential hourly rental services under the Short Term Rental Program. Enterprise Rent-a-Car, was also awarded a BPA (GS-30F-BPA10) that includes hourly rentals. GSA will provide additional detail to your questions about the car sharing initiative below. Although the STR Program has been used by all agencies leasing GSA vehicles, the top ten (FY2012) customers are:

Army
 Navy/Marine Corps
 Homeland Security
 Air Force
 Department of Agriculture
 Department of Interior
 Department of Veteran Affairs
 DOD Defense Wide
 Department of Energy
 Corp of Engineers

Participating STR vendors have a discounted "ceiling" rate listed in their BPA. This rate is lower than the commercial rate and ensures that GSA's customers receive an automatic cost savings when using the STR Program. By competing each request among all available vendors, GSA's average quote is over 30% less than the BPA ceiling rate.

The WebSTR program will continue to compete all requests to ensure that GSA customers are receiving the best possible pricing. The WebSTR program will automate the request process, speed payment to the vendors, and allows GSA to efficiently bill the cost of Short Term Rentals back to the GSA's customers. These efficiencies will allow GSA to open the program to all Federal agencies. GSA expects this growth to increase competition among the vendors and discounts given to customers.

- **What does GSA plan to do in order to accelerate implementation past the pilot phase?**

Regarding the WebSTR system pilot, GSA Fleet will open the system to use by the entire Federal Government once the pilot concludes and modifications necessary for a broad base of customers to have the best experience possible with the online ordering system are made. The pilot will continue through at least the first quarter of FY2013. As the pilot continues through the first quarter of FY2013, the necessary modifications will continuously be made so that customers across Government will benefit from the system as soon as feasibly possible.

- **What are the overall potential savings and efficiencies brought about through the aforementioned program?**

There are two distinct ways to look at savings and efficiencies brought about through the STR Program – both will be dependent upon the customer agencies activities and their agency budgets. The first is that the STR Program provides customer agencies a viable and cost effective option to purchasing vehicles and equipment that only require seasonal use. A short term rental is much less expensive than agencies acquiring vehicles and equipment that must be maintained and which are not used for the majority of the year. The WebSTR system will further multiply these benefits to customer agencies by giving them 24/7 access to vehicle and equipment rentals.

The second way to look at savings and efficiencies brought about through the STR Program is that the STR Program provides customers with a streamlined all-inclusive procurement and payment process so that each individual agency does not have to spend resources developing its own. This vastly reduces duplicative efforts across the Government. In addition, each request for a short-term rental is competed among all available vendors to ensure that the best value possible is negotiated for each customer agency. GSA Fleet combines the volume of orders needed across the Federal Government to drive down the price vendors offer compared to what each individual agency could obtain on its own.

- **What communication plans does GSA have to educate their customers about Short Term Car Rentals?**

Currently, the STR Program uses GSA Fleet's extensive network of Fleet Service Representatives (FSRs) to educate customers about the program's use and advantages. Customers are also able to view general information about the STR Program posted here: <http://www.gsa.gov/portal/content/102675>.

In addition, GSA will leverage its internal National Marketing and Communications Division to develop and execute a multi-faceted marketing campaign to communicate the enhancements to the STR Program. The campaign will target both existing GSA Fleet customers and potential new customers in other Federal agencies. GSA will utilize e-mail and web-based communication in this effort.

2. What is the status of GSA's car sharing technology program?

GSA initially piloted a car sharing technology program with the Department of the Navy in San Diego from July 2010 to January 2011 using Zipcar's FastFleet service. The initiative was branded GSA Fleet Share. Some notable findings from the GSA Fleet Share pilot include:

- Current car sharing technology is reliable, scalable, and robust enough to handle the demands of a Government fleet.
- Improvement in unused time, daily utilization distribution, and overall business day utilization enabled this site to further optimize its fleet by, reducing up to two vehicles or adding up to 80 more drivers without adding more vehicles.
- Drivers have a highly positive view of the solution, preferring it to previous methods of vehicle dispatch.
- The online reservation capabilities freed the agency fleet manager to spend more time on mission requirements due to reduced workload in motor pool arrangements.
- Despite the Navy's positive response to the pilot, at the present time, costs for such services deterred broader use by other agencies.

The GSA Fleet Share pilot demonstrated fleet efficiencies from improved driver usage patterns, utilization distribution over the week, and higher utilization, all resulting in an opportunity for a total reduction of one to two vehicles. However, the monthly fee for the car sharing services (ranging from \$100 to over \$200) did not offset the savings from downsizing the number of vehicles. Ultimately, potential savings and efficiencies will likely be achieved through the downsizing of the Federal fleet. Car sharing provides the ability for agencies to share vehicles both within the same agencies, as well as across agencies, located within proximity to one another. However, because this is a new concept, GSA has very little data to quantify or estimate savings accurately at this time.

Ceiling Rates for car sharing services per GSA Schedule can be found here:

- *ZipCar*: https://www.gsaadvantage.gov/ref_text/GS33F0019S/0KCO5P.2F492N_GS-33F-0019S_ZIPCARFSSPRICELISTPO0010.PDF

- *Enterprise:*
https://www.gsaadvantage.gov/ref_text/GS33F0015S/0JQ1ES.2CDIRM_GS-33F-0015S_RSVPEAN82611.PDF

Over time, the increasing number of vendors available to implement car sharing services has made it a more appealing option to implement on a more widespread basis. GSA Fleet has monitored industry developments and responded to them as appropriate. In October 2011, the BPA noted in the first statement of the inquiry, GS-30F-BPA16, was initiated so that GSA Fleet would be able to utilize Zipcar's services for future hourly car sharing efforts.

In addition to hourly offerings through WebSTR, GSA plans to begin implementing car sharing technology for GSA's Fleet vehicles for interested customers to leverage the Navy pilot findings. This car sharing program's goal is to drive efficiencies by offering web-based reservation systems for GSA Fleet vehicles so that many agency drivers can utilize a pool of vehicles, rather than each driver being assigned a specific vehicle or each driver being required to make labor-intensive reservations through an agency fleet manager. Again, GSA's goal in this effort is to drive agency cost savings while simultaneously allowing the agency to focus resources on their mission instead of on the ancillary services that GSA can provide more efficiently.

- **What is GSA's timeframe for implementing this program?**

The hourly car sharing initiative will be available to the entire Federal Government after the final roll out of the WebSTR.

For car sharing services for GSA Fleet vehicles, an RFQ has been issued and the process is currently in the evaluation of quote phase. Upon contract award(s), GSA Fleet will roll out the car sharing program as customer demand develops. Additionally, after the contract(s) are awarded GSA plans to pilot the car sharing technology across multiple agencies. The car sharing technology will be implemented in GSA Fleet vehicles leased to two or more agencies in one location. The pilot will address issues with multi-agency car sharing and potential hindrances to multi-agency car sharing being adopted widespread. With multiple agencies sharing vehicles in one location an agreement needs to be negotiated between all participating parties on how billing will be separated or per-use rates GSA will charge. Concerns of who retains ownership of the vehicle and will be responsible for reporting requirements, such as Federal Automotive Statistical Tool need to be addressed. Throughout the pilot, GSA will work with participating agencies to test and determine the most feasible options for these issue/concerns and recommend for future adaptations of the model.

- **Have vendors been notified about where the process stands and about final decisions on awards?**

Prospective vendors have recently responded to the RFQ issued by GSA on June 14, 2012, and GSA is currently evaluating the quotes received. Final award decisions will be

made as expeditiously as possible and vendors will be notified of GSA Fleet's decisions in a timely manner.

- **What are the potential savings and efficiencies for implementing this technology?**

As stated above during the discussion of savings and efficiency opportunities for customer agencies when using the STR Program, GSA provides customers with a streamlined all-inclusive procurement and payment process so that each individual agency does not have to spend resources developing its own strategy for the purchase and implementation of car sharing technology. GSA also adds value by combining Federal demand for these services so that costs are driven down compared to what agencies would be able to obtain on their own.

In addition, as evidenced by the pilot program with the Navy, car sharing technologies allow for higher utilization levels when they are available on demand using a web-based reservation system and when they are not assigned to specific users that otherwise would only use the vehicle for a portion of their work day.

- **How does GSA plan on promoting this program for other federal agencies to use?**

GSA Fleet will use its extensive network of FSRs to educate customers about the car sharing program's use and advantages.

In addition, GSA will leverage its internal National Marketing and Communications Division to develop and execute a multi-faceted marketing campaign to communicate the car sharing technology to customers. The campaign will target both existing GSA Fleet customers and potential new customers across the Federal Government. GSA will utilize e-mail and web-based communications in this effort.

**Post-Hearing Questions for the Record
Submitted to the Honorable Daniel M. Tangherlini
From Senator Tom Coburn**

**“Moving from Scandal to Strategy: The Future of the General Services Administration”
September 12, 2012**

1. Has your top-to-bottom review resulted in the dismissal of any employees? If so, how many? And if not, why not? Have you dismissed all employees who were involved in the management of the wasteful conferences?

To date, in addition to the two political appointees fired by the prior Administrator, GSA proposed the removal of nine employees related to conference mismanagement. Five individuals chose to retire during their due process period prior to a final decision from the deciding official. The Agency also suspended one individual and issued letters of reprimand, admonishment, or warnings to nine more employees. GSA is still reviewing

past conferences and working with the Inspector General when questionable spending is uncovered. The Inspector General currently has multiple investigations on-going, including some of the conferences to which you refer. Management is committed to holding those employees accountable when wrong doing is discovered and the Agency's leadership is prepared to propose removal from Federal service when the facts warrant such action.

2. **In August, the agency announced that it was freezing per-diem rates for FY2013. Why did you make this decision? Is there any plan to review and consider whether MIE (meals and incidental expenditure) per diem rates are too high? Should there be different per diem rates for workers on long-term assignments?**

It is estimated that freezing the per diem lodging rates at FY 2012 levels will result in \$20 million in avoided costs to the Federal Government in the upcoming year. GSA considered a number of proposals to drive savings through its per diem program, and in particular through the lodging rate portion of per diem, and decided that freezing the rates at the FY 2012 level was the most prudent action at the time.

In 2003, a Federal Advisory Committee recommended that a five-year interval is appropriate for meal studies; therefore, at this time GSA has tentatively scheduled a meal and incidental expenses review in 2014, with any rate changes to be effective in FY 2015.

Finally, as part of the May 11, 2012 OMB Memorandum (M-12-12), GSA will be evaluating proposed revisions to the Federal Travel Regulation (FTR) that will effectively establish and clarify policies to reduce travel costs without impairing the effective accomplishment of agency missions. This will include a review of per diem rates for workers on long-term assignments.

What did your top-to-bottom review of GSA learn about the Federal Buildings Fund? How much is currently in the fund? When was the fund's last audit? Do you recommend returning any of the money currently in the Federal Buildings Fund to the Treasury?

The audited financial statement for the Federal Buildings Fund (FBF) is completed by November 15 each year with the last one completed November 15, 2012 for FY 2012. At the end of FY 2012 the unavailable balance of the FBF was \$3.3 billion. At this time, GSA does not recommend returning amounts from the FBF to the Treasury. Since the funds are unavailable for obligation there would not be any scoring benefits from reducing the fund balance through a transfer to the Treasury. The FBF Fund balance allows PBS to operate without additional appropriations from the General Fund when obligational authority exceeds the offsetting collections. The fund balance is also used to make non-expenditure transfers to the Federal Financing Bank to repay principal balances from Lease-Purchase borrowings authorized in FY 1987-FY 1990, of which \$1.8 billion remains outstanding.

3. Given the GSA's role in the federal government's management of federal real property, what legislative changes would you recommend to help expedite the sale or disposal of the government's thousands of excess properties?

GSA supports the Administration's proposed Civilian Property Realignment Act (CPRA) that would create an independent Board of private and public sector leaders to independently report findings, conclusions and recommendations develop recommendations to dispose, consolidate, or reconfigure Federal civilian real property holdings. The purpose of the Board is to create a fair process that will result in the timely disposal and realignment of Federal real property.

Based on our experience, we believe reform to real property asset management must address the following challenges:

1. Incentivize disposals by enabling all federal landholding agencies to retain the proceeds from the sales of their surplus real property;
2. Address the upfront costs associated with disposals, consolidations, and relocations; and
3. Resolve competing stakeholder interests that can slow down or prevent sound asset management decisions.

Given GSA's portfolio, we welcome the opportunity to be part of the ongoing dialogue on how to improve the utilization of needed assets and the disposition of surplus real property.

4. In your top-to-bottom review, did you find any inefficiency in GSA's workforce? Do you recommend any GSA workforce reductions or programs that should be eliminated?

The Top to Bottom reviewed examined GSA's performance on many issues and from many different perspectives, including an examination of efficiency. Let me highlight three areas that will be a focus for GSA's efficiency improvement efforts in the coming months. First, the reviews demonstrated that GSA has replicated support functions in each of its regions, and within its major service lines. Each region, for example, has an IT function, an administrative support function, an HR function, and others, which results reduces efficiency and can create inconsistency in service delivery in support of GSA's core functions. Our stated intention to consolidate the support functions – technology, finance, human resources, and administrative support – behind strong, central, executive leaders will address these issues.

Second, the personnel resources allocated to regions needs to more deliberately reflect changes in demand for GSA's services. In other words, the location of federal buildings and purchasing activities has shifted geographically, but GSA's allocation of staff among regions has not kept pace. This does not lead to or suggest inefficiency necessarily, but it

does result in a very wide variance in efficiency (i.e., ratio of the # of staff to the # of leases, buildings, disposals, etc.) between different regions. GSA is going to work to narrow this gap by examining work distribution nationally.

Third, GSA needs to take more advantage expertise and apply its talents to problems nationally. The Top to Bottom review highlighted that there are certain activities within GSA that require specialized skills, such as knowledge of the needs of federal court houses, FBI facilities, and land ports of entry. A single region may not have enough demand in one of those areas to develop in-house expertise, while another region may house nationally-recognized experts. GSA needs to allow for the application of highly talented individuals in these specialized areas to work on projects that reflect the highest, best use of their skills, regardless of where the problem arises.

None of the three areas highlighted necessitate an immediate workforce reduction. Rather, the efforts will increase efficiency by recalibrating how people and resources are applied within GSA.

5. **In March, GAO released a report that looked at GSA's handling of the "Integrated Acquisition Environment" initiative. GAO found that the "Integrated Acquisition Environment" initiative's costs have ballooned from \$66 million to \$181 million. GAO reported that GSA has not reviewed the initiative's business model to determine whether it still makes sense as a way to reduce costs. How do you respond to the GAO report? How do you explain the rising costs (from \$66 million to \$181 million)? What steps are you taking to reduce these costs?**

Overall, GSA agrees with the GAO recommendations and is moving aggressively to ensure that the System for Award Management (SAM)/Integrated Acquisition Environment (IAE) meet the critical information needs of our Federal agencies and external vendors.

Immediately following SAM's launch, GSA initiated several strong actions with the vendor, IBM, to improve SAM performance. In August, GSA issued a letter of concern to IBM and directed it to address several pressing technical system issues. GSA also initiated weekly status meetings with the vendor to ensure that critical improvements are addressed in a timely manner.

GSA is actively engaged in restructuring the IBM contract to address GAO report findings and recommendations, particularly regarding cost. For example, a requirement was modified to allow SAM to operate in a cloud environment, which would allow the Government to lower costs by avoiding the need to purchase equipment and warranty in the out years. The contract was also modified and restructured to require supporting project documentation to provide greater accountability. Additionally, the project timelines were updated to better align available funding to deliverables.

In September, members of the GSA leadership team and I participated in the OMB-led TechStat review of IAE/SAM. This process aided in the performance review of SAM and in identifying next steps for improvement.

As GSA works with IBM, I am also making internal changes and transitioning the project to the Federal Acquisition Service and the Office of the Chief Information Officer.

By transitioning the leadership of SAM to two of GSA's top executives – the Acting FAS Commissioner and the Deputy CIO - GSA will ensure that the short term fixes and the long-term vision of creating a common acquisition platform across Government rests squarely with the leadership of GSA's acquisitions and technical experts. This will allow the current project manager, the Office of Government-wide Policy, to focus on ensuring that the IAE meets policy and regulatory requirements from our Federal partner agencies and OMB.

This expanded team is assessing the SAM/IAE program as a whole. They will review all available alternatives to ensure GSA delivers a successful project that provides the best value for the taxpayer and also ease of use and efficiency for our Agency and vendor customers.

- 6. In June, GAO reported that GSA's contract with Dun and Bradstreet to create DUNS numbers for contractor identification is a sole-source contract and that the costs has grown from \$1 million in 2002 to \$19 million today. GAO also reported that Dun and Bradstreet now have an effective monopoly on government ID numbers. How do you respond to the report's findings? Does GSA plan to review this contract when it is next up for consideration?**

GSA has a Government-wide contract with Dun and Bradstreet (D&B) to provide the Data Universal Numbering System (DUNS) as the unique identifier for Government contractors. The GAO reported that, "The federal government has used DUNS numbers since 1978, and the Federal Acquisition Regulation (FAR) has required all prospective government contractors to obtain DUNS numbers since 1998. Since 2003, OMB has also required prospective grant recipients to obtain DUNS numbers."

D&B's prominence in Government contracting is explained in part by the 1998 FAR requirement that all prospective contractors obtain DUNS numbers. That requirement, in turn, was driven by analysis that suggested that D&B was the most cost-effective alternative then available because other commercial alternatives fell far short of Government needs and the cost of building an equivalent Government-owned system was prohibitive. Also, data costs have risen 19-fold since 2002 due in large part to increases in Government data needs. In 2003 OMB added the requirement that prospective grant recipients also obtain DUNS numbers, and the upward trajectory in requirements has continued.

GSA continues to explore alternatives to the use of DUNS numbers as the unique identifier for vendors and grantees. GSA will continue to review Government-wide business requirements as part of the contract administration.

- 7. In June, GAO recommended that GSA develop and implement a plan to improve the Federal Real Property Profile and the Federal Real Property Council's data collection practices. GAO found that data for 23 out of 26 locations that GSA had surveyed had errors. According to GAO, your agency agreed with that recommendation. What steps have been taken to enact this recommendation? When will it be complete?**

Beginning with the development of the Federal Real Property Profile (FRPP), as required in Executive Order 13327, GSA worked closely with the Federal Real Property Council (FRPC) in developing the data requirements that were used in the initial 2005 data collection. GSA has worked with the agencies to develop general definitions of the real property data. The diverse nature of the agencies' real property portfolios and their databases required that the definitions be broad and general in order to be met by all agencies government-wide. This collaborative government-wide approach led to the initial 23 data elements that formed the basis for what was intended to be an inventory of the Federal Government's real property.

GSA is working with the FRPC working group and OMB to correct the errors identified in the GAO report.

- GSA is reviewing all the data elements, their definitions and the overall format in the FRPP in order to be consistent with Executive Order 13327.
- GSA tightened the reporting requirements for data elements by eliminating the optional reporting of specific data elements.
- GSA issued the FY 2012 Guidance for Real Property Inventory Reporting on June 15, 2012.
- GSA is reviewing the performance measures in order to ensure that measures linked to performance goals, are collected per Executive Order 13327. We expect completion on June 15, 2013.
- GSA plans to publish a bulletin providing guidance to Executive Branch agencies on reporting accurate, verified and validated data to the FRPP. Anticipated publish date is November 2012. Lastly, GSA implemented a pilot program to audit the FRPP data for its buildings and structures in the Sunbelt Region. For this pilot, 30 owned and 30 leased assets were randomly sampled. FRPP data elements from each sampled building were compared with source documents and some were examined through walkthroughs. FRPP data elements that had a Material Variance from its source comparison were flagged. A Material Variance is a difference of 10% or more for numeric data or any discrepancy for non-numeric data. Red, yellow, green were assigned to each data element based on the frequency of material variance. If there was greater than a 5% frequency, the data element received a RED score overall. The Leased Data Validation effort found minimal errors and received all GREEN scores. The Owned Data Validation effort found few errors and received one RED score for

data element pertaining to the majority agency occupying space. All other data elements received a GREEN score.

- 8. I understand that federal employees often purchase airline tickets that are at least twice the cost of price of a ticket that could be purchased through commonly used commercial websites. Why is this so? What is GSA doing to get federal agencies a better deal on airline flight costs? Would agencies be better off if they simply required workers to use one of the several commercial websites to purchase airline tickets?**

The perception that “commonly used commercial websites” always offer the lowest fares, is not accurate. Airfare pricing is influenced by several variables such as: when you purchase the ticket, whether you need flexibility (to change the ticket), how many airlines compete in that specific market/route, time of day you plan to travel, if there is a possibility that the traveler will cancel the trip, and the state of the economy as reflected by consumer travel demand. The airlines adjust their fares up and down many times a day based on these variables.

With that said, in May 2012, OMB issued Memorandum 12-12 that, among other things, requires GSA to establish or clarify policies that “promote the identification and use of non-contract air carriers that, if used, will result in a lower total trip cost to the government.” We are currently in the progress of revising the Federal Travel Regulations (FTR) that promote the use of non-contract air carriers while balancing its associated risks.

The policy for Federal travelers, over the past few decades, as administered by each agency, has been to use the Federal contracted airfare program, GSA's City Pair Program (CPP). The FTR does, however, allow for certain exceptions for using non-contract carriers. For example, agencies can use a non-contract air carrier when the carrier offers a lower fare to the general public that, if used, will result in a lower total trip cost to the Government. When exceptions are not used GSA's airfares allow Federal travelers to book flights based on the demands of the mission; this often means booking flights at the last minute and maintaining the ability to cancel the ticket for a full refund. In most instances a traveler booking a flight at the last minute would expect to pay a premium; however GSA's pre-negotiated fares are in many cases the LOWEST cost airfare in the market. Generally those that are the lowest are found in the high travel volume markets. In addition these fares allow travelers to change or cancel their tickets at no cost.

For those Government employees who use it, GSA's online ETS reservation and booking tools make it even more manageable and effective for Federal travelers to guarantee that they get the lowest airfare. ETS has an advantage over commercial sites because it gives the traveler both the CPP and the lowest fares on the commercial websites. ETS is able to accomplish this because it is integrated with the same reservation sources as the commonly used commercial websites.

Examples of pricing- Washington, DC to:

Charleston, SC- this is a monopoly market in the commercial sector where the City Pair fares are \$699 (this fare is coded YCA which means it is a guaranteed GSA economy class Airline City Pair fare) and \$499 (this fare is coded _CA which means it is a limited capacity, GSA economy class Airline City Pair fare*) when compared to a recent Expedia fare of \$340. However, the commercial fare cost may increase at any time depending upon the variables discussed earlier and that fare in some instances may exceed the cost of CPP fares. San Francisco, CA - this is a very competitive market with high demand/volume. The current City Pair fare is \$168 and \$129 as compared to \$479 on Orbitz.

Current directives and policy from the Administration direct travelers to look at the lowest options for airfares that will still permit them to do their mission but save money. GSA's ETS provides a better option to accomplish this directive than the commercial websites.

* The only difference between the YCA and _CA is that there are a limited number of seats on the lower _CA Airline City Pair rate. Therefore, travelers should make flight reservations as soon as plans are firm.

Another important reason for Federal travelers to stay inside the Government's booking tool, ETS, is that ETS provides GSA with the ability to capture data that can then be used to leverage and strategically source air travel. If travelers go outside ETS to commercial sites the GSA loses visibility into the data and the ability to strategically negotiate reduced fares with the carriers.

Policy, procurement, and programs are tightly aligned in ETS to provide every Federal traveler the ability to choose the lowest available airfare in real time.

- 9. When GSA was created, it was long before the internet and other technologies and innovations that simplified how people can compare the prices of various goods and services and make acquisitions. Can you explain how GSA's role has changed? Why is the agency still relevant? Is it time for the federal government to shift the burden of some of the responsibilities currently handled by GSA to the agencies themselves?**

While technology has advanced considerably since GSA was created in 1949, the economic realities that lead to the creation of a central procurement agency for the federal government have not. By centralizing this purchasing power in GSA, we are able to create better value and efficiency than if individual agencies handled their acquisitions themselves. The internet and other technologies may have changed how we go about our purchasing, but they have not changed the fact that economies of scale enable GSA to leverage government purchasing power to reduce cost and improve outcomes for the entire federal government.

Imagine, for example, the inflationary impact on federal office rents if agencies within the National Capital Region began competing against each other for office space. Similarly, if GSA stepped back from coordinating and in some cases purchasing in bulk common goods and services, agencies would purchase in smaller quantities and the costs to taxpayers would necessarily increase. In the current fiscal environment, the role of GSA is more relevant than it has been at any point since our founding.

Post-Hearing Questions for the Record
Submitted to the Honorable Daniel M. Tangherlini
From Senator Mary L. Landrieu
“Moving from Scandal to Strategy: The Future of the General Services Administration”
September 12, 2012

1) How does GSA respond to assertions by certain industry groups that the proposed LEED 2012 standard, presumably the standard which GSA will promote for use in federal properties, shifts from a primarily performance based standard to one which focuses on building materials, resulting in a standard which disincentives the use of chemically based building materials?

GSA evaluates green building rating systems once they are finalized and available in the market for public use. LEED 2012, now named LEED v4, is not available for public use, and GSA has not evaluated this system. GSA will continue to monitor the proposed updates to LEED, but will wait until the completion of LEED v4 before assessing the implications of any changes. GSA evaluated LEED 2009 in its most recent green building certification system review report (<http://www.gsa.gov/gbcertificationreview>) since LEED 2009 was the current version of the system at the time the study was being conducted.

In general, GSA selects materials based on budget, functionality, durability and the needs of our clients (including sustainability requirements). GSA supports transparency in the development of standards, disclosure of ingredients and the avoidance of toxic or hazardous materials.

2) What is the relationship between GSA, specifically the Office of High Performance Green Buildings and the USGBC, the organization developing the LEED standard?

GSA is a member of the USGBC in the Government – Federal Agency category. Membership is by organization only. GSA has been a member since 2001. Mr. Don Horn, the Deputy Director for the Office of Federal High-Performance Green Buildings has served two terms as the Federal Advisor to the USGBC Board of Directors (a non-voting position advising the USGBC Board of Directors but not a position on the board itself). While Mr. Horn could provide input to the USGBC Board of Directors, he is unable to vote on matters before the board.

Section 12 of the National Technology Transfer and Advancement Act (NTTAA) requires Federal agencies to use consensus-based private sector technical standards, when available, and participate in the development of technical standards. GSA believes participating in the development of sustainable design technical standards is in the best interest of the taxpayer and will help increase the efficiency and sustainability of the Federal government by reducing the cost and environmental impacts of its buildings.

Over the years, GSA has participated in several green building rating system and standard development processes. In addition, a former Assistant Commissioner in GSA's Public Buildings Service served as an advisor to the Green Building Initiative's Board of Directors with additional staff serving on technical committees in the development of the Green Globes rating system.

3) Can you comment on how GSA will move forward to improve how you look at the long term implications of the adoption of one standard, specifically LEED 2012, over its alternatives such as Green Globes?

When GSA made its first recommendation in 2008, the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) green building certification system was the only suitable option at the time. However, as has been documented in our most recent green building certification review study, the review was provided to the three green building certification system owners (Green Building Initiative, U.S. Green Building Council, International Living Building Institute) prior to its publication in order to gather their input on the information contained in the review. Once their input was incorporated, GSA published the report in March 2012 and made it available to the public on a GSA website (<http://www.gsa.gov/gbcertificationreview>). Appendices H, I, and J of the green building certification system report contain the comments received from the green building certification system owners.

4) I also understand a federal register notice on your green building rating system review is forth-coming, when can we expect this?

GSA hopes to publish the notice in the Federal Register in the coming weeks once the review has been completed.

**Post-Hearing Questions for the Record
Submitted to the Honorable Daniel M. Tangherlini
From Senator Claire McCaskill**

**“Moving from Scandal to Strategy: The Future of the General Services Administration”
September 12, 2012**

- 1. In July, you began a review of GSA’s performance awards system. In your statement you claimed that GSA’s system was complicated, lacked transparency and that the performance goals may not be aggressive enough. To that latter point you stated that you thought performance awards should be issued for “exemplary service that goes above and beyond” the basic level of expected performance.**

a. Will you please expand on what you meant by this statement?

Based on GSA's Top to Bottom business review we determined that current performance measures were not tied closely enough to the Agency mission/goals, were not aggressive enough and did not make meaningful distinctions between performance levels. GSA will develop aggressive goals and rigorously manage against those goals to ensure exemplary performance across the Agency. We will reward performance that goes beyond basic levels and demonstrate performance excellence in achieving Agency goals. GSA is currently in the process of reviewing its performance management and recognition system. We will review and update our policies, training, IT and controls, to improve performance management and recognition.

Additionally, we do not report bonus information for the Office of the Inspector General (OIG). To obtain OIG bonus information, please contact OIG.

b. Do you feel as though GSA officials were too liberal in awarding performance bonuses in the past?

Our reviews of organizational business and performance plans did not reveal aggressive goals or the practice of making meaningful distinctions between levels of performance or awards. GSA is currently in the process of reviewing its performance management and recognition system. We will review and update our policies, training, IT and controls, to improve performance management and recognition and reward performance that goes beyond basic levels. We have also reduced the budget for bonuses by 85% for performance awards.

c. Besides cutting the overall dollar amount available for SES performance awards what else are you doing to address your concerns?

GSA is currently in the process of reviewing its SES performance management and recognition system in addition to reviewing the system covering non-SES employees. Governmentwide, SES members are covered by a pay-for-performance system where

their compensation, both salary adjustments (although currently frozen) and performance awards, are directly linked to annual performance appraisals. We will continue to refine how we align executive performance with organizational goals including better ways to measure and monitor both organizational and individual performance. We also are taking steps to strengthen our SES Performance Review Board process beginning with the FY2012 performance cycle and will ensure that any SES performance awards granted for FY2012 performance are for truly exceptional performance. We anticipate the need to update our policies, training, IT and controls, to improve SES performance management and recognition for the future. We intend to review the decision to reduce the amount of money being made available for executive performance awards to determine whether this approach is sustainable or requires modification in FY2013. We will continue to ensure such awards, if granted, are based on clearly defined goals, measures, and outcomes.

d. Do you have the same concerns with respect to performance awards given to GS employees?

Our reviews of organizational business and performance plans did not reveal aggressive goals or the practice of making meaningful distinctions between levels of performance or awards. GSA is currently in the process of reviewing its performance management and recognition system. We will review and update our policies, training, IT and controls, to improve performance management and recognition and reward performance that goes beyond basic levels.

e. Do you have plans to take similar steps with regards performance awards that might be available to GS employees? If not, why not?

Yes. GSA is currently in the process of reviewing its performance management and recognition system to ensure aggressive goals, meaningful distinctions between levels of performance, and awards for performance excellence beyond basic levels. GSA has identified opportunities for improvement in the areas of (1) Policy, (2) IT systems support, (3) Training and Skill development, & (4) Controls/Accountability.

2. In July, I introduced the Stop Wasteful Federal Bonuses and Conferences Act, with my colleague Senator Kelly Ayotte from New Hampshire. One important provision of this legislation is that it would allow for an agency head to claw back performance awards given to an employee who received an adverse finding by the an inspector general or equivalent. In the questions Chairman Lieberman and Ranking Member Collins sent to you on May 10th they stated that 50 people involved in the planning of the 2010 Las Vegas conference received bonus awards totaling \$35,500.

a. While you were able to take disciplinary actions against some of these employees you were not able to recoup those bonus awards, is that correct?

b. **Do you believe that the provision of my legislation allowing agency heads to claw back these awards would have helped you to recoup some if not all of those awards?**

c. **Do you have any suggestions for changes to the legislation?**

Over the past few months, GSA has diligently worked to implement restrictions on travel, training and conferences. It is encouraging to see many of the policies that we have worked hard to implement reflected in your bill.

3. One of the biggest issues that surfaced from the IG's review of the Las Vegas conference scandal was the contracting officers' disregard for or a lack of knowledge of federal procurement regulations including: allowing for unjustified sole source awards, contracting officers violating their warrant limitations, and violations of small business preferences. You previously stated that GSA specialists are already required to complete rigorous curriculum training, so what additional measures are you now taking to ensure contracting officers are properly informed and are following all federal procurement regulations?

GSA plans to conduct a review of the contracting officer warranting process. Currently, GSA is revising the GSAR Section 501, which addresses career development of the Contracting Officers' Warranting Program (COWP), and the role of the Acquisition Career Manager (ACM). In addition, GSA is developing an Acquisition Career Manager handbook to accompany GSAR Section 501 in order to provide clear guidance to the ACMs in the Regions.

GSA plans to strengthen its processes for ensuring that contracting officers receive appropriate Continuing Education by making available additional training resources to contracting officers to ensure that they are trained on the most current policies, regulations, and requirements on a timely basis.

GSA is conducting more rigorous Procurement Management Reviews (PMRs) of contracting activities. PMRs analyzing samples of award actions from across the agency to determine compliance with the Federal Acquisition Regulation, the General Services Acquisition Regulation, and other applicable acquisition laws, regulations and policies. In addition the PMR team will continue to make recommendations to the implementation of best practices. In FY 13 GSA PMR reports will identify high-risk areas, be delivered directly to the Head of Contracting Authority, and request Corrective Action Plans.

GSA is implementing Quarterly Management Reviews (QMRs) of key acquisition data points through a dashboard. The QMRs will cover competition, high risk contracting, small business set-asides, strategic sourcing, and other areas to maintain visibility and ensure accountability.

GSA is working to complete full implementation of the Federal Acquisition Institute Training Application System (FAITAS) at GSA. Once FAITAS is fully deployed, it will provide

enhanced capabilities for tracking warrants and certification that will strengthen GSA's ability to manage and monitor the training and readiness of GSA's acquisition workforce.

On April 15, 2012, GSA issued an Order granting the Senior Procurement Executive (SPE) for GSA the authority to suspend or terminate the warrant authority of any GSA contracting officer as necessary in any organizational component of the agency. Any suspension or termination made by the SPE may not be overridden by any other GSA appointing official.

4. In August, GSA issued a "letter of concern" to IBM, the contractor for GSA's System for Award Management (SAM). Since the contract was awarded, the costs of the project have skyrocketed, the schedule has been delayed by years, and the first phase of the project, which went live this summer, is riddled with defects. Earlier this year, in a report I requested, GAO recommended that GSA reevaluate the business case for SAM and determine whether it is the most cost effective alternative. GAO also recommended that GSA modify the IBM contract, since IBM has been paid the same fixed price amount for SAM development, operation, and maintenance even though there was little to operate and maintain for nearly 2 years.

a. Would you please describe your plan for IAE and SAM going forward?

GSA's "letter of concern" to IBM dated August 7, 2012 raised several contractor performance issues relating to the initial operating capability of the System for Award Management (SAM). IBM was directed to propose a Corrective Action Plan and provide weekly status updates to correct SAM defects and ensure that the system is fully functional. IBM continues to address these problems. GSA is closely reviewing and monitoring IBM's progress. In accordance with a GAO recommendation, GSA modified its contract with IBM in August to establish clearly defined tasks and associated deliverables and costs for each task.

GSA also reassessed its business case for continuing the SAM project initiative and re-confirmed that legacy IAE systems should be consolidated under a single system with a single data repository. Anticipated benefits from pursuing this course of action include: eliminating remaining redundancies; increasing agility to respond to emerging laws, regulations and policies; improving data access and accuracy to support analysis and decision making; improving efficiency; reducing burden on users (i.e. small businesses, government organizations and others); and reducing costs and risks for the Federal acquisition, assistance, and vendor communities.

GSA is establishing an integrated project team that includes staff from the Federal Acquisition Service (FAS) and the Office of the Chief Information Officer (OCIO). This team will review SAM project status and current management, technology, and business process challenges and develop an appropriate set of recommended actions and next steps to achieve SAM's vision of a single sign-on, single platform, and single source of data for government and industry.

5. It has recently come to my attention that GSA may be seeking to contract with the private sector to serve as what some are deeming a “cloud broker”, essentially someone to serve as a purchaser for IT services on behalf of the federal government.

- a. For agencies purchasing information technology services, isn't the “broker” role traditionally fulfilled by GSA itself? Why is GSA considering outsourcing this core agency function?**

GSA is not outsourcing its core agency functions. It should be noted, that in the Request for Information, inherently governmental activities such as governance, technical requirements, information security, and contracting would not be outsourced. Currently, GSA is exploring the market maturity and the different implementation models that exist for Cloud Brokerage Services. The Request for Information is part of that research; and aligns with the Cloud Brokerage Service model in draft form by the National Institute of Standards and Technology (NIST), a Federal Government agency within the Department of Commerce. The brokerage model could enable the Federal government to address hereto identified issues like complexity of integration, and technical issues. In order for the government to fully realize the benefit of the cloud, it must continue to explore , innovative approaches, like a cloud brokerage, to addressing these issues. To validate these concepts, GSA is conducting an analysis of the many different implementation models and their related impacts on competition, speed of acquiring cloud services (and their savings) as part of the Request for Information process.

- b. If agencies are expected to use private sector “cloud brokers,” could that end up substituting the preferences of these brokers for what would otherwise be an open, competitive bidding process?**

The use of a Cloud Brokerage Service would still require GSA and agency users to follow the requirements outlined in the Federal Acquisition Regulations. One of the potential benefits of Cloud Brokerage Services that is a subject of the Request For Information is that these brokers could identify competitive services that meet the baseline standards and provide on-going competition among cloud providers to encourage both continual update of the technology and price reductions. Any future implementation of a service such as this would comply with Federal Acquisition Regulations.

- c. One of the main selling points for cloud services is saving money, but technology analysts already speculate that paying for another layer of bureaucracy could erase the cost savings. How confident are you that using “cloud brokers” instead of GSA employees will be a net benefit?**

In order for the Federal government to fully realize the benefits of the cloud, it will need to address issues with integration, acquisition, and security Large scale GSA has sought input from independent research firms to help validate the

concept. Through a worldwide survey, Gartner identified that over 40% of IT managers believe that a Cloud Service Brokerage adds value when selecting a Cloud Service Provider. Additionally, it should be noted that today, most large Cloud vendors choose to partner with a reseller when delivering their services to the Federal Government, thus locking in their agreements in a way that cloud brokerage may counter to provide greater competition. The Cloud Brokerage model may be more effective in aggregating business volume and in creating on-going competition among Cloud providers than a single award approach for each cloud service. The Cloud Brokerage model is also used by some to provide integration among cloud and legacy systems and security integrations services that currently are performed by integrators, so there may be little to no actual cost difference in total. To validate these concepts, as part of the Request for Information process, GSA is conducting an analysis of the market and cost benefits will be included to determine the impact of this approach.

**Post-Hearing Questions for the Record
Submitted to the Honorable Daniel M. Tangherlini
From Senator Jerry Moran**

**“Moving from Scandal to Strategy: The Future of the General Services Administration”
September 12, 2012**

1. **As you review various programs and components of GSA, are you looking at standards and criteria set by the FAS, specifically concerning the cost limits for supplies? Agencies across the board use GSA-approved supplies, but some of the costs for items that are approved by GSA standards are concerning. For example, a facility in Belton, MO bought several “lounge” chairs at \$1,200 each. Upon further investigation, the total cost to furnish two offices and a reception area in this facility was approximately \$24,000. Agencies purchasing these goods can do so because it is what GSA has made available, regardless of whether it is necessary or reasonable to spend that much. Will GSA review these standards and take a hard look at what is reasonable for these spending limits in order to find ways to save taxpayer dollars?**

we believe that there’s a significant opportunity for GSA to help agencies drive greater savings and efficiencies through both high-value, cost effective schedule contracts as well as through strategic sourcing.

GSA schedule contracts are pre-negotiated contracts – or Multiple Award Schedules – which , save agencies the time and effort required to establish and maintain their own contracts. These contracts are reviewed and approved using a best value approach of which pricing is a major component. .

In fact, GSA’s overall furniture pricing offers a 21.4% average discount over the best open market price. For seating, this advantage increased to 22.3%.

Another key way GSA can drive agency savings and greater standardization across government is through the development of government-wide strategic sourcing contracts. Today GSA has in place four strategic sourced vehicles that have saved agencies more than \$100 million. By leveraging the full volume of the government's buying power, or buying in bulk, GSA has not only saved taxpayers money, but improved services, standardized and streamlined requirements, and improved small business participation. One example is GSA's office supplies contract which has saved over \$140 million since FY 2010 by offering lower prices than any single agency. As part of its responsibilities as a member of OMB's new Strategic Sourcing Leadership Council, GSA will be conducting a review of office furniture as a potential strategic sourcing vehicle for FY 2014 – one of the many that GSA is planning to establish in FY13 and FY14 to increase the number of strategic sourcing solutions available to the government..

