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United States Senate

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

April 10, 2012

Daniel M. Tangherlini
Acting Administrator
United States General Services Administration
1800 F Street NW
Washington, DC 20405

Dear Mr. Tangherlini:

Last week, the General Services Administration (GSA) Inspector General released two reports finding serious problems with the management and oversight of contracts by GSA's Public Buildings Service. Although I am encouraged by the actions taken to date to hold the agency's senior leadership accountable, I have concerns about whether your agency has sufficiently addressed what appears to be a pervasive culture of rewarding officials for misconduct relating to the expenditure of taxpayer dollars.

On April 2, 2012, the GSA Inspector General issued a report which found that the agency spent more than \$822,000 to plan and hold a conference for approximately 300 GSA employees in Las Vegas, Nevada.¹ The Inspector General found that GSA's spending was "excessive and wasteful" and that GSA failed to follow contract regulations in many of the procurements associated with the conference.² On April 6, 2012, the Inspector General publicly released a report which found that the GSA used government purchase cards to acquire more than \$430,000 on iPods, digital cameras, and gift cards for employees as part of the "Hat's Off" employee incentive program, in violation of contracting regulations.³ The two reports contain multiple instances of misconduct by GSA officials at many levels and in several regions.

Although the Inspector General's reports were made public only last week, the Subcommittee has learned that GSA has been aware of the reports' findings for nearly a year. The Inspector General provided an interim report on the Western Regions Conference to the

¹ U.S. General Services Administration Office of Inspector General, *Management Deficiency Report: General Services Administration Public Buildings Service 2010 Western Regions Conference* (April 2, 2012).

² *Id.*

³ U.S. General Services Administration Office of Inspector General, *Report of Investigation: Hats Off Theft Investigation* (April 6, 2012).

agency on May 3, 2011.⁴ GSA first received a report into the investigation of the “Hat’s Off” program on June 28, 2011.⁵ Both reports named employees who had engaged in illegal or improper behavior.

I recently learned that many of the individuals named in the Inspector General’s reports received substantial cash bonuses for their performance in 2010 and 2011. According to information received by the Subcommittee, members of the planning team for the Western Regions Conference, who spent more than \$100,000 just to plan the conference, including six planning meetings at the Las Vegas resort where the conference was held, received bonuses ranging from \$500 to \$1,500 for each individual “in recognition” of their contribution to the conference.⁶

The Subcommittee has also learned that the Regional Commissioner for Region 9 received approximately \$9,000 for his performance in 2011. Although the Senior Executive Service bonus review committee, which was aware of the Inspector General’s findings, recommended that he should not receive any bonus for the year, their recommendation was overruled by senior GSA leadership, including former GSA Public Buildings Service Commissioner Robert Peck.⁷

I have previously raised concerns regarding GSA’s award of bonuses. At the Subcommittee’s March 1, 2011 hearing into GSA’s award and management of contracts for public relations services, I noted that the Regional Commissioner for Region 6 had received a bonus despite adverse findings regarding her conduct by the Inspector General.⁸ I subsequently learned that the Regional Commissioner received a bonus for 2011, despite an ongoing Inspector General investigation which ultimately found that some of her testimony before the Subcommittee contained misstatements of fact.⁹

⁴ U.S. General Services Administration Office of Inspector General, *Western Regions Conference: OIG Interim Alert Report on Investigation into Potential Fraud, Waste, and Abuse* (May 3, 2011).

⁵ U.S. General Services Administration Office of Inspector General, *Memorandum: Report of Investigation re Hats Off-Employee Recognition Program* (June 28, 2011).

⁶ U.S. General Services Administration, *CHRIS Report – Bonuses for WRC* (undated).

⁷ U.S. General Services Administration Office of Inspector General, *Briefing for Subcommittee Staff* (April 3, 2012).

⁸ Senate Homeland Security & Governmental Affairs Committee, Subcommittee on Contracting Oversight, *Hearings on Examination of Public Relations Contracts at the General Services Administration’s Heartland Region* (March 1, 2011).

⁹ U.S. General Services Administration Office of Inspector General, *Review of Public Buildings Service’s Procurement of Public Relations Services at the Bannister Federal Complex* (Jan. 10, 2012).

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I welcome the steps taken to date to hold agency leadership accountable. However, I have concerns regarding whether these steps are sufficient to address GSA's culture of providing cash bonuses and "incentives" to officials who are the subjects and/or targets of ongoing investigations by the Inspector General.

As a result, I request that you provide a briefing for Subcommittee staff on these issues, including the names and amount of bonuses received by all GSA officials who are mentioned or who have subsequently been removed or placed on administrative leave in connection with Inspector General interim or final reports from January 1, 2008 through the present. I request that you provide the information and briefing on or before **April 27, 2012**.

The jurisdiction of the Subcommittee on Contracting Oversight is set forth in Senate Rule XXV clause 1(k); Senate Resolution 445 section 101 (108th Congress); and Senate Resolution 73 (111th Congress). An attachment to this letter provides additional information about how to respond to the Subcommittee's request.

Please have your staff contact Margaret Daum at (202) 224-4462 with any questions. Please send any official correspondence relating to this request to kelsey_stroud@hsgac.senate.gov.

Sincerely,



Claire McCaskill
Chairman
Subcommittee on Contracting Oversight

cc: Rob Portman
Ranking Member
Subcommittee on Contracting Oversight

Attachment