



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

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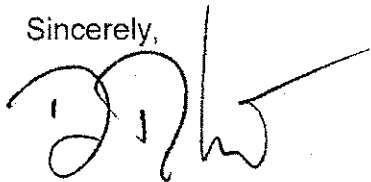
information on the prior year's conference spending, including descriptions of agency conferences that cost more than \$100,000.

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,

A handwritten signature in black ink, appearing to read 'D. Tangherlini', with a long horizontal stroke extending to the right.

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.

## **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?**

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

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

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]

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.