
Statement of Honorable Brian D. Miller

Inspector General

General Services Administration



Committee on Homeland Security & Government Affairs

United States Senate

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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

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.