

2013 Summary of Performance and Financial Information



GSA Mission and Goals

The U.S. General Services Administration (GSA) mission is to deliver the best value in real estate, acquisition, and technology services to government and the American people. That is why over the past year, GSA has taken significant steps towards transforming into a recognized leader in effective and efficient public service. The scope of the work we do here at GSA is vast and varied, but the mission is simple and to the point. We serve the government and the American people.

Effective and efficient government has never been more important. Federal budgets are shrinking and the demand for government services is greater than ever before. In this climate GSA must deliver on its mission to provide the best value in real estate, acquisition, and technology services to government and the American people. By leveraging the buying power of the federal government, we are helping agencies buy smarter, reduce their real estate footprint, and create a better, smarter, faster government.

GSA's programs save taxpayer dollars and allow agencies to reinvest in their mission. GSA procures goods and services for government agencies through its Strategic Sourcing Initiative, saving more than \$300 million for federal agencies since 2010. While saving money we have also increased

participation of small businesses and reduced duplication across government. We are also using the buying power of the government to better manage the federal government's building inventory. This allows us to negotiate leases that are, on average, more than 11 percent below market rates, creating annual savings of more than \$30 million.

In addition, we work aggressively to ensure that the facilities we own are being used as optimally as possible. At the same time, we are working to support the President and Congress' commitment to freeze the federal footprint. In FY 2013, GSA disposed of 213 properties with \$98 million in sales proceeds. Of these properties, eight were GSA-owned assets, generating \$32 million in proceeds.

GSA connects with the public through social media technologies that enhance communication, collaboration, and information exchange. By openly sharing knowledge, best practices, and lessons learned; GSA provides efficient and outstanding service to the American People. Connect with GSA on [Facebook.com/gsa](https://www.facebook.com/gsa), [Youtube.com/usgsa](https://www.youtube.com/usgsa), and [Twitter.com/usgsa](https://twitter.com/usgsa).

Find more information about GSA in the FY 2013 Agency Financial Report (AFR), available at GSA.gov/afr2013.

GSA Performance

In FY 2013, through implementing our mission, GSA aspires to achieve three strategic goals:

- **Savings – Provide savings to federal departments and agencies.** We will use our purchasing power and expertise to deliver cost-effective real estate, acquisition and technology solutions to federal departments and agencies.
- **Efficiency – Improve the efficiency of operations and service delivery.** We will streamline our operations to offer high quality real estate, acquisition, and technology services at a good value to federal departments and agencies.
- **Service – Deliver excellent customer service.** We will deliver excellent customer service to federal agencies and departments by making it easier to reliably meet their real estate, acquisition, and technology needs.

Delivering Better Value and Savings

The purchasing power of the federal government will reduce costs to our customer agencies, enabling them to focus on their core missions. We will look for new ways to help these agencies make their purchases smarter and more efficient. At the same time, we will look for new and innovative ways to maximize the value of our real estate assets.

Serving Our Partners

Every day the work that we do helps our customer agencies focus on their missions. Partnership on all levels is critical to the success of GSA. Strong partnerships with partner agencies and vendors alike lead to good business decisions that create value and savings for our customers and the American taxpayer. It is our commitment to ensure that doing business with GSA is an easy and reliable experience. We are continuously improving our processes and systems to make them as simple and streamlined as possible.

Expanding Opportunities for Small Businesses

Small businesses are the engines that power the American economy. Contracting with these entrepreneurs is a win-win for both the federal government and the small business community. The government receives great service at great value, while small businesses have a great chance to grow their businesses and create jobs. GSA offers opportunities to small businesses across the country through our contract vehicles and through the contracts we award for other agencies.

Making a More Sustainable Government

Going green saves green. Environmentally friendly practices are good for the environment and for business. GSA is committed to both. As we work toward implementing sustainable practices and making our buildings and our fleet more environmentally-friendly, we will continue to work with vendors to make sustainable products and services readily available and affordable.

Leading with Innovation

GSA is a leader of innovation in public service. Among many firsts, we were the first government agency to move to cloud computing, setting an example for others to follow. In the coming years, we will continue to develop innovative, cost saving solutions that will be shared across the government.

Cross-Agency Priority Goals

GSA currently contributes to the following Cross-Agency Priority Goals: Cybersecurity, Sustainability, Real Property, Improper Payments, Closing Skill Gaps, Strategic Sourcing, Open Data and Data Center Consolidation. Visit performance.gov for more information on the GSA contributions and progress towards Cross-Agency Priority Goals.

Agency Priority Goals

These goals identify short-term outcomes that are meaningful to the public and demonstrate progress toward achieving the GSA strategic goals. Visit performance.gov for more information on GSA's performance against these priority goals.

Greater transparency and openness in government

GSA developed and delivered several new, innovative, and cost-effective technology-enabled solutions that improve government effectiveness and lead to government-wide cost savings.

The American Job Center provides a single, streamlined website where job seekers and employers can access key federal programs and critical local resources to help people find a job, identify training programs, and gain skills in growing industries.

BusinessUSA provides a centralized, one-stop web-based platform to support the development and expansion of small and medium sized businesses, to facilitate exports and to grow jobs.

Federal Infrastructure Projects Permitting Dashboard provides the public and agencies with a central website for visibility of high priority infrastructure projects, including descriptions of the expedited processes and status information on permits, reviews and approvals.

The Social Media registry provides a central, authoritative registry of authentic government social media accounts, enabling the public to easily differentiate legitimate government social media accounts from those that are fraudulent.

MyUSA (formerly MyGov) develops a prototype virtual environment that enables citizens to much more easily and effectively access information and services across government, transforming the way they interact with government. The MYUSA Discover program consists of tools and application programming interfaces (APIs) for connecting the government's numerous websites. Agencies can embed this tool into existing web pages to help citizens discover services and information relevant to their interests and needs.

For more information about GSA's FY 2013 performance; see the Performance Section of the FY 2013 AFR, at GSA.gov/afr2013

GSA Financial Results

KPMG LLP issued an unmodified (clean) opinion on GSA's FY 2013 financial statements. GSA's financial statements and the audit opinion results demonstrate the agency's commitment to accountability and integrity in financial management.

Federal Buildings Fund

The Federal Buildings Fund (FBF) is the primary fund of the Public Buildings Service (PBS). PBS provides workplaces for federal agencies and their employees. The FBF is primarily supported by rent paid to GSA from other federal entities. It also operates a Reimbursable Work Authorization program that provides alterations and lease improvements above those in the agencies' base rental agreements.

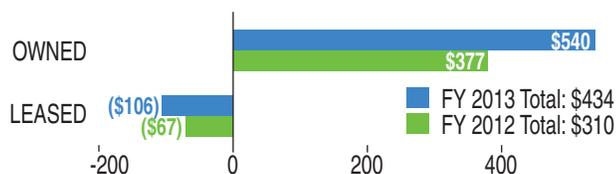
In FY 2013, FBF gross revenue was \$11.6 billion. Revenues and expenses in FBF come primarily from building operations and rent. Net revenues from operations are used to invest in major repairs and alterations to federal buildings and to partially offset costs of constructing new federal buildings. FBF reported net revenue of \$434 million. Overall net revenues increased by \$124 million, from \$310 million from FY 2012. This was due to a \$163 million increase in net revenue in Building Operations Government owned and a \$39 million decrease in Building Operations Leased.

In the FBF, obligations are primarily the value of contracts awarded to commercial vendors for the construction of new federal buildings; for repairs, cleaning, utilities and other maintenance of GSA-owned federal buildings; and lease and related payments to commercial landlords for space leased by GSA for federal agencies. FBF Obligations Incurred decreased by \$211 million between FY 2012 and FY 2013. Gross Outlays also decreased by \$1.6 billion during FY 2013. Outlays are payments made by the government, once goods and services are received at an acceptable level of quality and completeness. Offsetting Collections increased by \$158 million, which represent revenues collected from other federal agencies that "offset" expenditures made by GSA on behalf of other federal agencies.

Acquisition Services Fund

The Acquisition Services Fund (ASF), the primary fund of the Federal Acquisition Service (FAS) is a revolving fund, which operates on the revenue generated from its business lines rather than an appropriation received from Congress. FAS business operations are organized into four business portfolios based on the product or service provided to customer agencies: General Supplies and Services (GSS); Travel, Motor Vehicles, and Card Services (TMVCS); Integrated Technology Services (ITS); and Assisted Acquisition Services (AAS). FAS consolidates common requirements from multiple federal agencies and use its expertise to acquire products and services at better prices and terms than agencies could obtain individually.

FBF Net Revenues from Operations *in millions*



In FY 2013, ASF realized \$9.4 billion in revenues. Revenues and expenses in ASF come primarily from the sale of goods and services and the respective costs associated with them. Net Revenues from Operations are used to invest in the GSA Fleet, information technology systems, other investments to improve FAS service levels, and to comply with regulatory and statutory requirements. ASF reported net revenues of \$85 million during FY 2013, which is \$11 million more than FY 2012 net revenue of \$74 million. While this is not a material change in net operating results, ASF did have a reduction of \$410 million

in expenses and \$399 million in revenues, primarily due to a decline in business volume with the Department of Defense.

ASF obligations and outlays are primarily driven by contracts awarded to commercial vendors, who provide goods and services to federal agencies. Obligations Incurred decreased by more than \$1.1 billion between FY 2012 and FY 2013. Overall, unpaid obligations for Assisted Acquisition Service (AAS) and General Supply and Services (GSS) programs have declined due to a decrease in demand from defense customers.

ASF Net Revenues from Operations *in millions*



For more information about GSA's FY 2013 financial results; please visit the Financial Section of the FY 2013 AFR, at GSA.gov/afr2013

Management Challenges Facing GSA

Each year, GSA's Office of Inspector General produces a report on "GSA's Major Management Challenges." Here are highlights of those management challenges:

Acquisition Programs – The GSA Schedules Program, also referred to as Multiple Award Schedule and Federal Supply Schedule remains one of GSA's largest procurement programs. Although it is essential that contracting officers' use all tools available to leverage the Government's buying power when negotiating contracts, the results of the OIG audits are not being fully used. While the contracting officers agreed with the audit recommendations, only a portion of recommended savings was actually achieved. As the acquisitions become more technically and financially complex, GSA is challenged to develop an acquisition workforce with the skills and knowledge necessary to provide innovative solutions for customer agencies at the best value. Additional challenges include: effectively performing price analyses, negotiating contracts, enforcing contract compliance, and managing contract workload. There are also concerns with the proposed methodology changes to the General Services Administration Acquisition Manual and the need to strengthen controls over the Schedules program.

Organizational Structure – In the past, GSA had been a decentralized organization. GSA's Central Office provided central management and support organizations, while the Public Buildings Service (PBS) and Federal Acquisition Service (FAS) operated separately from one another; each with its own management, support organizations, and regional operations. In FY 2012, the GSA Administrator began consolidating the support services and administrative functions to strengthen and streamline GSA in an effort to increase transparency and accountability throughout the Agency. In moving forward with the consolidation, GSA needs to reassess

many aspects of its controls and systems due to the integration of staff, work processes, funding, reporting structures, and systems. In addition, the Agency will need to undergo a change in culture as many decisions impacting the operations of the services are now made centrally.

Improving Management and Utilization of Federal Real Property – GSA faces difficult resource constraints requiring proactive and flexible management practices. The Federal Government is focusing on improving the management and utilization of federal real property. To meet these goals, PBS needs to align its programs and operations to solutions that address both short and long term customer needs. Although immediate customer need often drives workload, local real property portfolios must be examined to assess whether they are suitable to meet long term goals, especially where vacant owned space could replace expiring leases.

Managing a Mobile Workforce – GSA's reduction in workspace for its central and regional offices will create challenges in managing a mobile workforce. The mobile workforce strategy is expected to result in multiple benefits: reduced real estate costs, reduced carbon footprint, and improved work-life balance for employees. To achieve these benefits, GSA must overcome the challenges to this strategy, including: collaboration, management and supervision, document security, and information technology capability and support.

Information Technology – GSA management faces challenges as it attempts to decommission and consolidate legacy systems that have never integrated with each other. This has led to duplicative systems that are costly and difficult to maintain and operate. These challenges include a decentralized operating environment, difficulty in reengineering business processes

across the Agency, implementing enterprise architecture, and migrating legacy systems to new platforms. Improvements are needed to protect sensitive GSA information and to address emerging risks. Coordination, collaboration, and accountability across the agency are necessary to protect sensitive GSA information. GSA IT systems do not always use effective data models, business rule validation checks, or data exchange specifications to ensure data quality. GSA's continued adoption of mobile computing remains a risk that must be managed.

Financial Reporting – Improvements are needed in controls over budgetary accounting and financial reporting. GSA's systems of accounting, financial management, and internal controls need to ensure management has reliable, useful, and timely financial and performance information for day-to-day decision making and accountability; as well as to deter fraud, waste, and abuse. Weaknesses in internal controls and financial processes hamper GSA's financial reporting efforts. GSA is also challenged with identifying the existence of environmental contamination in its properties. Without an effective process in place, GSA will have difficulty determining remediation costs of environmental liabilities to report in its financial statements. Improvements are needed in the implementation of the due care process over environmental liabilities. Compounding the already existing challenge of estimating environmental liabilities, GSA is now required to report asbestos contamination by Federal Accounting Standards Advisory Board Technical Bulletin 2006-1, Recognition and Measurement of Asbestos-Related Cleanup Costs.

Protection of Federal Facilities and Personnel – Challenges persist to safeguard federal infrastructure and provide a secure work environment for federal employees. GSA plays a significant role in providing a safe, healthy, and secure environment for

employees and visitors. GSA, along with the Department of Homeland Security, has been designated as being responsible for the security of federal facilities. Therefore, maintaining open, accessible, and safe public buildings remains a primary focus for GSA.

GSA's Greening Initiative – Challenges exist in achieving GSA's sustainability and environmental goals. There are three obstacles to GSA's sustainability initiatives: (1) developing a management framework, (2) collecting data to support goals and evaluate results, and (3) funding specific programs. GSA plays a major role in federal construction, building operations, acquisition, and government-wide policy. GSA has received additional responsibilities to lead change towards sustainability in these areas with the enactment of the Energy Independence and Security Act of 2007, the American Recovery and Reinvestment Act of 2009 (Recovery Act), and Executive Order 13514 - Federal Leadership in Environmental, Energy, and Economic Performance. Under these initiatives, GSA is required to increase energy efficiency, reduce greenhouse gas emissions, conserve water, reduce waste, support sustainable communities, and leverage federal purchasing power to promote environmentally responsible products and technologies.

American Recovery and Reinvestment Act of 2009 – GSA will continue to be affected through the conclusion of Recovery Act projects. GSA's implementation of the Recovery Act continues to be challenging with increased workloads. Although many of these projects are completed or near completion, challenges remain, including: (1) managing projects with reduced travel; (2) preparing for the future submission of construction claims; (3) performing effective commissioning; and (4) evaluating projects for reduced energy consumption and cost savings.

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www.gsa.gov/afr2013