U.S. General Services Administration

MANAGEMENT CHALLENGES and GSA ACTIONS

Fiscal Year 2022 Budget Request

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Management Challenges and GSA Actions

The sections below summarize the management challenges listed by the GSA Inspector General and initially reported in GSA's FY 2020 Annual Financial Report on November 15, 2020. In all cases, GSA's budget addresses each management challenge by providing the necessary funding for the office charged with addressing the challenge.

Challenge # 1: Establishing and Maintaining an Effective Internal Control Environment Across GSA

Agency Actions Completed or Planned

GSA remains dedicated to maintaining a comprehensive, enterprise-wide approach to its internal control environment that ensures efficient and effective operations, reliable reporting, and compliance with applicable laws and regulations. Through the implementation of a comprehensive series of response actions over the past two years -- coupled with agency-wide collaboration and regular coordination with OIG -- GSA made substantial progress in strengthening its system of internal controls during FY 2020:

- **Focused senior management attention** by establishing a leadership group, chaired by the Deputy Administrator and the Chief Financial Officer (CFO), which met monthly throughout FY 2020 to directly address program audit issues and corrective action plans. The group will continue its rigorous oversight role in FY 2021, sending a strong signal to the agency that internal controls and operational excellence are a top priority.
- **Established accountability through transparency** by providing audit performance dashboards that provide critical information about progress on resolving audits and implementing corrective action plans.
- **Strengthened audit coordination and standardization** across GSA's audit community, primarily through the efforts of the cross-functional Program Audit Working Group. This team meets monthly to coordinate audit responses, analyze audits to identify root causes and remedies that may apply across the enterprise, and elevate internal control issues to GSA leadership.
- **Emphasized the connection between internal controls and audit results** by ensuring that managers across the agency incorporated findings from OIG reports into the FY 2020 Statement of Assurance (SoA) process, and mapping audit findings to the SoA risk inventory to better test those controls in FY 2021. GSA also instituted annual mandatory internal controls training, which was completed by more than 11,000 GSA employees in FY 2020.

GSA is confident that these actions have already resulted in meaningful improvements to internal controls and timely implementation of audit recommendations. GSA's program, strategic, and support offices are committed to sustaining the momentum achieved through these responses and the culture of improvement that has taken root. GSA fully expects to demonstrate continued progress in resolving audit issues and strengthening our internal control environment in FY 2021, including consolidating the audit management function into the Office of the CFO in FY 2021. This consolidation will align GSA's internal controls, internal assessments of operational challenges, and program audit management in a single office.

Challenge #2: Improving Contract Administration

Agency Actions Completed or Planned

GSA has strengthened the oversight and control environment related to contract administration through a variety of efforts, including an increased use of data to drive transparency, issuing changes to internal policy and workforce training requirements, and by continuing to assess GSA contracting activities through Procurement Management Reviews (PMRs).

Beginning in FY 2019, GSA incorporated a targeted effort to review GSA contracting activities' challenges and best practices in the area of contract administration during PMRs. The results of this additional internal control led GSA to self-identify several areas for needed improvements. GSA took actions in FY 2020 to address and improve performance in these areas.

On February 12, 2020, the GSA Deputy Administrator issued a memo to GSA Heads of Services and Staff Offices outlining a plan to improve contract administration across the agency. One of the key findings described in the memo was the importance of strengthening coordination among acquisition team members in contract administration. This finding emphasized the need for a clear understanding of roles and responsibilities, solid communication practices, and complete documents.

The memo provided recommendations for addressing this finding, the first of which was the establishment of a common critical element in the performance plan of CORs. GSA's Chief Acquisition Officer and Acting Chief Human Capital Officer issued Memorandum MV-55 on September 1, 2020, which establishes a new mandatory acquisition critical element in all performance plans for GSA's Contracting Officer Representatives (CORs) beginning in FY 2021.

The second recommendation for acquisition team members to work more effectively together was to identify gaps in the training for members of the acquisition team, including CORs. GSA's Office of Acquisition Policy updated the curriculum to qualify for a certification to serve as a COR on a GSA contract. The updated curriculum took effect October 1, 2020, and includes several additional training requirements aimed at improving contract administration, including a new supply chain risk management training requirement, as well as training on roles and responsibilities associated with access badges.

GSA also launched a new resource page on the internal Acquisition Portal dedicated to helping GSA CORs and Project Managers more easily identify and find acquisition-related information that is relevant to their job duties.

In August 2019, GSA updated the GSA Acquisition Manual to require each contracting activity to establish a consistent approach for conducting acquisition reviews, including post-award reviews, as an internal control to improve collaboration among the acquisition team. FAS established the FAS Acquisition Council through FAS PAP 2018-06 and requires acquisition teams to provide details on the contract administration plan for procurements appearing before the FAS Acquisition Council. PBS plans on issuing a new policy to standardize acquisition reviews across its contracting activities in FY 2021.

In September 2020, the Federal Acquisition Service (FAS) issued Policy and Procedure (PAP) 2020-03, *FAS Contracting Officer's Representative Function Standard Operating Procedures*. This policy establishes a FAS-wide COR Standard Operating Procedure (SOP) to ensure consistency in COR nominations, appointments, responsibilities, and oversight. The SOP establishes a FAS COR Council (CORC). The CORC will serve as one of FAS's new management controls to oversee and ensure proper execution of FAS COR functions. The CORC will enable collaboration, align efforts, and discuss issues that are relevant to the COR workforce. The CORC will also monitor compliance with applicable GSA policies, FAS policies, and Federal Government regulations. FAS will provide training to its workforce on the policy in October 2020.

PBS plans to issue COR Policy and Procedures to standardize the process for nominating and appointing CORs in PBS, to be accompanied with a guidebook and corresponding training.

In FY 2021, GSA plans to continue reviewing contracting activities' performance in contract administration during PMRs to assess if the measures put in place over the last two years are effective or if additional action is needed. OGP plans to conduct traditional PMRs with the following GSA contracting organizations:

- Region 3 - PBS Leasing (October 2020)
- Region 9 - FAS Assisted Acquisition Services and PBS Acquisition (December 2020)
- Region 5 - FAS, PBS Acquisition, PBS Leasing (February 2021)
- Region 4 - FAS, PBS Leasing, CMA Special Review (April 2021)

In addition to these traditional reviews, GSA will also conduct special PMRs on the following topics:

- COVID-19 Acquisition Response - Special Review (March 2021)
- FAS Office of General Supplies and Services (May 2021)
- PBS Leasing Reimbursable Work Authorization (RWA) (May 2021)
- Contractor Personal Identity Verification (PIV) Card Controls Review (May - June 2021)
- FAS Multiple Award Schedules (MAS) Consolidation (June 2021)

Challenge #3: Enhancing Government Procurement

Agency Actions Completed or Planned

Transforming the Multiple Award Schedules Program (Schedules Program)
Consolidated Schedules
FAS continues forward with multiple projects that will bring the Multiple Award Schedules (MAS) program up to date. This includes updating the contract vehicle's foundation - the consolidation of the MAS contract vehicle from 24 different solicitations to one solicitation. The consolidation is one of the cornerstone projects of the Federal Marketplace Strategy (FMP). The consolidation was broken into three phases to allow for full stakeholder engagement and more fluid change management.

- Phase I kicked off in Q2 of FY 2018: The release of the new single solicitation with consistent terms and conditions and a new NAICS based methodology for the Special Item Numbers (SINs), completed at the end of FY 2019. Further, the 24 legacy Schedules were retired officially.
- Phase II kicked off in Q1 of FY 2020: Through the issuance of the mass modification, FAS moved current contractors to the new solicitation ensuring that all contractors are on a consistent version of the terms and conditions of the new single MAS solicitation. This modification also migrated all legacy SINs to the new SIN structure. System updates were completed to allow for customer agencies to purchase in both the legacy and the new MAS program to ensure continued competition for all RFQs. At the end of FY 2020, over 99% of all contractors had signed the mass modification.
- Phase III: Kicked off on August 1, 2020, to update all systems and websites to only display the MAS vehicle and remove the language listing the legacy 24 Schedules. In Phase III, MAS also provided a template to all contractors with multiple contracts to assist with decisions on establishing a plan on how to get down to one contract. Further FAS will have the majority of contractors of multiple contracts moved to one CO with the appropriate expertise for each company with multiple contracts. FAS continues to complete stakeholder outreach through monthly MAS Reform Acquisition Workforce training, MAS monthly office hours for Industry, and monthly MAS customer training.

In preparation for MAS Consolidation Phase III, the FAS Office of Policy and Compliance (OPC) updated policy building upon the lessons learned from previous consolidation efforts and OIG Audit Report Number A160037/Q/P17001. FAS OPC has expanded the scope of Policy and Procedure (PAP) 2016-04, Guidelines for the Award of Continuous Multiple Award Schedule (MAS) Contracts to address continuous MAS contracts resulting from contract modifications such as MAS Consolidation. The revised PAP covers:

- Key Terminology - Definitions of Continuous MAS Contract, Surviving MAS Contract, Non-Surviving MAS contracts and Order-Level Requirements.
- Contractor Requirements - Guidance on offers and modifications of a Surviving MAS contract to include SINs already awarded on the contractor's Non-Surviving MAS contract.
- Procurement Contracting Officer (PCO) Responsibilities - Actions that the FSS PCO must take when evaluating and awarding contract actions resulting from continuous MAS contracts.

OPC issued PAP 2020-02 Mandating the Use of Pre-Negotiation, Price Negotiation and Final Proposal Revision Templates for the FSS Program that established a new single set of PCO templates to be utilized for new awards and modifications issued under the MAS Consolidated Solicitation. The new templates:

- Contain applicable policy requirements.
- Cover evaluation criteria for both Quarterly Reporting offers (i.e., Legacy) and Monthly Reporting offers (e.g., TDR Pilot).
- Include all information required pursuant to PAP 2019-02, Contracting Officer Responsibilities Pursuant to GSA Office of Inspector General Contract Audits of Federal Supply Schedule Contracts.
- Offer flexibility for PCOs to add additional information to fully document the award of new offers and modifications.
- Strengthen price analysis requirements, including appropriate use of FAS pricing tools.
- Coordinates with the Region 2 project as the template created for "Truman 2.0 Bot" to allow Robotic Process Automation of administrative tasks to free up acquisition workforce time to focus on price analysis and negotiation.

Pricing for MAS Contracts

The MAS program continues forward with increasing the maturity of the various pricing tools and guides provided to the workforce to assist with determinations for fair and reasonable pricing. Currently, the MAS contract pricing is negotiated two ways. One method includes the continued use of the commercial sales practice to achieve the contractor's "most favored customer" pricing and discounts under similar conditions based on the contractor's commercial sales. The second method FAS introduced, starting in 2016, is the ability to negotiate based on commercially comparable pricing in the commercial market including current GSA pricing and the other commercial pricing available for viewing.

FAS manages the 4P tool that provides on-demand market research to support the FAS acquisition workforce through the life cycle use cases including acquisition planning, estimation, price analysis and supply chain risk management analysis. FAS OPC has taken a number of steps to promote appropriate usage of the 4P tool for all use cases within the acquisition including creating a 4P site with updated 4P User Guide, on-demand training, and Frequently Asked Question (FAQs). Based upon lessons learned from from the GSA OIG in Report Number A180068/Q/3/P20002 added significant sections related to policy on determining pricing fair and reasonable including:

- Horizontal pricing tools should be utilized in conjunction with all other available data to establish negotiation objectives which seek to achieve the best price/discount.
- Same/similar analysis must be fully documented and differences used in comparisons fully explained.
- All information from pricing tools must be included in the pre- and price negotiation memorandum so that the data can be reviewed.
- All other documentation requirements of PAP 2018-03 Proper Documentation of Price Analysis Decisions – Federal Supply Schedule (FSS) Program must be followed.

FAS completed the following corrective actions in response to the Audit Report Number A180068/Q/3/P20002 – FAS's Use of Pricing Tools Results in Insufficient Price Determinations:

- Provide disclaimer on Contract-Awarded Labor Category (CALC) site to indicate users should complete additional analysis for price reasonableness determinations (completed November 2019).
- FAS PSHC will develop and issue interim guidance on improving its pricing on MAS contracts, better documenting its price reasonable determinations, and (when used) how to appropriately use CALC and its pricing database (completed January 23, 2020).
- Horizontal pricing tools should be utilized in conjunction with all other available data to establish negotiation objectives which seek to achieve the best price/discount.
- Any differences in labor categories (LCs) used for comparison must be fully documented and allowances explained.
- Standard Deviation should not be used as a basis for determining pricing is fair and reasonable.
- All data utilized must be included in the Pre- and Price Negotiation Memorandum.
- COs/CS' should utilize the most filters applicable to ensure that LCs compared are suitable for comparison.
- Other MAS centers that award services contracts, and use CALC, will issue their workforce similar interim guidance (completed by Transportation, Travel, and Logistics (TTL), General Supplies and Services (GSS), and Information Technology Category (ITC) on March 5th, July 31, and August 4, 2020).Develop a user guide to instruct MAS contracting professionals on the proper use of CALC, its filters, and its data for the purpose of supporting determinations of price reasonableness (completed September 30, 2020).
- Automate the removal of expired contracts in CALC (Data Quality Report completed March 31, 2020 & Automated Removal of Expired Pricing completed September 20, 2020).
- Develop Data Management Plan (completed September 29, 2020).

FAS continues to take action to strengthen price analysis, documentation, and appropriate use of the price tools under the MAS program and has incorporated OIG recommendations from management audits to these efforts across the MAS program.

Managing supply chain risk in accordance with FY 2019 National Defense Authorization Act (NDAA), Section 889

GSA and FAS continue to make Supply Chain Risk Management (SCRM), including implementation of Section 889 of FY 2019 NDAA, a strategic priority. On June 1, 2020, the GSA Administrator established a cross-functional GSA SCRM Executive Board to lead GSA-wide SCRM activities, where the heads of offices participate for an Agency-wide view. The Board has, in turn, established a GSA-wide working group to further develop GSA's SCRM strategy (Working Group). The Working Group has conducted a preliminary review of the current state of Government-wide SCRM requirements, GSA Staff or Service Offices' ongoing SCRM initiatives, and GSA's readiness. GSA will use the results of the Working Group's preliminary review to establish a strategy that prioritizes GSA's resources by identifying and mitigating the highest risks to GSA.

GSA engaged in significant stakeholder outreach to increase awareness on the prohibitions in Section 889 of the FY 2019 NDAA. GSA held several industry days, provided live and recorded webinars, and engaged in direct mailing campaigns to help increase contractor awareness of the requirements.

GSA also provided detailed guidance and resources to the acquisition workforce. On August 13, 2019, GSA issued class deviation CD-2019-11 to implement Part A of Section 889 of the FY 2019 NDAA. On August 6, 2020, GSA issued class deviation CD-2020-15 to apply the FAR representation and reporting requirements for Parts A and B of Section 889 to GSA's real property lease acquisitions and commercial solution opening procurements. On August 12, 2020, GSA issued Addendum 1 to class deviation CD-2019-11, effectively cancelling the previous class deviation as its language was no longer necessary. On August 13, 2020, GSA issued acquisition letter MV-20-10 to implement Part B of Section 889.

GSA used an automated-modification process to timely implement Section 889 into FAS contracts, and created a dashboard to measure compliance. FAS capitalized upon its SCRM Champion program in each of 11 Regions and 7 Business Portfolios, by providing lists of expiring contract data to support heads of contracting activities (HCAs) in assessing the magnitude of the effect of Part B on ongoing operations. In collaboration with OGP, FAS worked to identify how best to align the categorization of contracts into National Security. With OGP, FAS also reviewed the rule's effects on GSA, especially in terms of how this rule would affect the availability of ongoing supply. To further assist the acquisition workforce,GSA also created FAS-specific training to implement 889 Part B.

Additionally, FAS used automated acquisition processes to remove and exclude prohibited items from Multiple Award Schedule contracts on a recurring basis. The Made in America (MiA) and Trade Agreements Act (TAA) “Robo-mod” was executed to address MiA and other Country of Origin misdesignations. Since initiating the OPC MiA /TAA Robomods in FY 2019, MiA and TAA flagged items have decreased by 21% and 84%, respectively. This achievement has occurred in an environment where the total number of Schedule items has increased by 39%. The MiA / TAA “Robo-mod” seeks to delete prohibited products from GSA Advantage. Through the multiple rounds of prohibited products Robo-mods executed in FY 2020, the total number of potentially prohibited products flagged by FAS decreased from 2,965 to 899, which is equivalent to a 70% total decrease.

GSA is committed to section 889's goals and has spent significant effort to educate contractors, educate its workforce, and think strategically about the supply chain threat posed by the five named Chinese companies. GSA foresees potential challenges with the implementation of the rule due to increased cost, diminished market availability, or contractor knowledge about their own supply chain.

FAS has also made strides in maturing its overall SCRM program. FAS completed its Organizational Level SCRM plan, and its Mission Level Plan for Respond-Remove was signed by the FAS Commissioner on August 6, 2020. The Plan aligns with the Federal Acquisition Security Council (FASC) Interim/Final Rule and creates a process, communication plan, and tools to execute removals and exclusion orders by the FASC. The SCRM Champions received a formal presentation on the final plan on September 3, 2020. FAS also prepared a Gov Delivery Insite message for the workforce, along with a link to a slide deck for more training data on the Respond-Remove plan.

GSA remains committed to implementation of SCRM practices and strengthening maturity.

Implementing procurement through commercial e-commerce portals
In FY 2020, the focus of the Commercial Platforms program was on the acquisition for the proof of concept (POC) with e-marketplace platforms, agency engagement, and the subsequent launch of the proof of concept to an initial subset of agency participants. The POC approach allows FAS to start small, test program capabilities, refine and then ultimately grow the program based on lessons learned. This provides GSA with the ability to best understand what a Government-wide approach could look like for online open-market buying to smartly scale into the future. Throughout FY 2021, the program’s focus will remain on agency engagement and growth of the proof of concept; collection and analysis of spend data; and implementation of the program’s performance measurement process.

Launch of Proof of Concept
Award was made to three e-marketplace platforms (Amazon Business, Fisher Scientific, and Overstock.com) in late June 2020 to support the launch of the POC which occurred in mid August 2020. Each of the awarded e-marketplace models offers important business-to-business (B2B) capabilities including account hierarchies/workflows, preferred pricing practices, supply chain risk management tools, promotion of preferred products (e.g., AbilityOne and small business), and spend data analytics for agency managers. These features, coupled with existing consumer features, offer a modern and streamlined buying process for Government purchase cardholders.

Through management of the contract, analysis of the spend data, and collection of feedback from agencies, FAS will have the necessary tools to assess the balance of commercial practices with existing Federal regulations and will better understand effects upon existing Government programs and acquisition vehicles. As part of the acquisition process, FAS developed a performance based approach that aligns Government requirements to existing commercial practices. It is important to stress, the Commercial Platforms initiative is not intended to replace existing Government purchasing channels. Instead, the e-marketplace platforms represent a valuable Government-wide purchasing tool for buyers looking to purchase open-market, as well as for agencies looking to gain key insights into open-market spend that today is not currently available.

FAS will also monitor supplier data protections, as outlined in Section 846, within the proof of concept to address potential conflicts of interest posed by e-marketplace platform providers who are also suppliers on their platforms. Valuable information will be available on how the platforms are complying with the Section 846 data requirements, while also identifying ways that platforms might use supplier data for the benefit of buyers. The data will also serve as a contract administration tool and will help FAS assess whether further programmatic changes or statutory clarifications are needed with respect to data protections.

Agency Engagement
To support the launch of the POC with participating agencies in FY 2020, the Commercial Platforms program has been actively engaged with agencies, and developed a comprehensive agency engagement roadmap. The program team is actively promoting the benefits of participating as part of a standardized, whole-of-Government approach to e-commerce purchasing as many agencies are considering or have already established one-off agreements with individual e-marketplace platforms. The program team is collaborating with agencies through one-on-one meetings, interagency forums, virtual training sessions, and newsletters.

To solidify agency participation in the POC, the Commercial Platforms program asks agencies to complete a ‘roles and responsibilities’ agreement. To date, the following seven agencies have signed agreements, indicating their willingness to participate in the POC: GSA, EPA, DOC, DOL, HHS, VA, and DOJ. As of the end of FY 2020, the first four agencies listed have on-boarded purchase cardholders to the POC, and the program will continue to scale in FY 2021. Lastly, the program continues to receive inquiries from agencies and has established a pipeline for FY 2021 to onboard new agencies, while organically growing the participants from existing agency partners.

Supply Chain Risk Management
One area of heightened importance to agencies is supply chain risk management. With the implementation of Section 889, Part A and Part B, and DHS’s January 2020 report on *Combating Trafficking in Counterfeit and Pirated Goods*, FAS is taking meaningful steps as part of its POC to help agencies better manage supply chain risk. First, the program is using existing commercial practices around counterfeit and supply chain concerns. Second, within the contract, restricting sales to any excluded vendor listed on SAM.gov as well as at-risk products identified in statute, while also allowing agencies to further curate or filter what their buyers can purchase. Finally, recommending best practices as outlined by DHS for e-commerce platforms, while also reviewing agency spend post-purchase to identify suspect purchases.

Program Measurement

To ensure that program outcomes are being met by all awarded e-marketplace platform providers, FAS has established a comprehensive and flexible program measurement approach. The framework employs both quantitative and qualitative measures to effectively measure program progress and performance. Quantitative measures allow FAS and the agencies to assess areas such as small business utilization, price competitiveness, and AbilityOne compliance. This data will help determine how better buying strategies and decisions can be made through the use of these e-marketplace platforms. Over time, this framework will continue to evolve based on feedback from both agency and industry stakeholders.

The user experience is an equally important program indicator as it speaks to the agency buyer's satisfaction in utilizing this channel for open-market spend, particularly as it relates to other available channels. FAS is partnering with the GSA Office of Customer Experience to assess the qualitative aspects of the program through user survey tools and agency interviews. The insights gleaned will help platform providers improve upon their existing platforms, while also giving FAS an important understanding of how buyers are using different open-market tools for purchasing.

Looking ahead, FAS will continue to work with all interested stakeholders in the implementation of the initial POC and in the future strategy and growth of the program.

Transitioning customers to the new EIS contract

In order to ensure a timely transition from the legacy contracts to EIS, FAS developed a "Project Plan for Closeout of EIS Transition" to establish accountability for both FAS and customers to develop sound transition schedules and adhere to them. To motivate agencies to execute their transitions, FAS is actively addressing the requirements and taking the actions outlined in the Closeout Plan. It is important to note that FAS does not have the authority to compel agencies to take specific actions. It is also important to note it is not FAS' intention to disrupt agencies' telecommunications in a way that causes harm to them or to the citizens they serve. GSA is judicious and thoughtful in its implementation of the Closeout Plan, giving both the agencies and their service providers due course to identify any factors that warrant additional time to remain on the expiring contracts, and GSA has on several occasions granted not only additional time but additional assistance from FAS experts to address the challenges delaying the agencies' transitions.

In accordance with the Closeout Plan, FAS is undertaking two main strategies, detailed below.

Limiting Users on Extended Contracts

In July 2020, FAS revised the Networks Authorized Users List (NAUL) to remove 11 agencies that had met the criterion for removal in the plan for Phase 1, that is, those agencies that were non-responsive to GSA's outreach and offers of assistance. As of October 14, 2020, 7 of those 11 agencies have been disconnected and the remainder are in progress. In this phase, FAS became aware that two other agencies originally set to be disconnected were in fact providing health services, and as a result, GSA halted the disconnections.

Subsequently, FAS initiated Phase 2 of the plan to evaluate and potentially remove two categories of agencies: (1) those who had not yet submitted any solicitations to GSA for scope review and (2) those who had indicated they do not intend to transition their services to EIS. In September 2020, FAS notified 53 agencies that they had met one of these criteria and were subject to removal from the NAUL unless they provided sound plans to demonstrate that they will make transition progress in a reasonable timeframe. As a result, six of the agencies quickly submitted their solicitations for scope review, meeting the requirement for making progress. Another 15 agencies provided sound transition plans with reasonable schedules that allowed FAS to grant them additional time to execute those plans; however, these agencies must meet the requirements of all the future phases of the plan, and some have future dates specified for which they will be removed from the NAUL. The remaining 32 agencies will be removed from the NAUL in Phase 2; and that NAUL is being prepared at this time (October 2020). In early January 2021, FAS will begin the process for executing Phase 3, which includes notifying agencies, reviewing and responding to appeals, and then removing from the NAUL agencies that do not meet the established criteria.

Freezing Contract Modifications and Orders
On October 1, 2020, FAS began to enforce the freeze on all modifications to the expiring Networx and WITS 3 contracts and new orders on the Local Service contracts. While agencies may request freeze exceptions for urgent operational needs, detailed transition plans are required for approval. FAS anticipates that the freeze will both limit growth on the expiring contracts and motivate agencies to aggressively manage their transition.

Ongoing Agency Support
In addition to the Closeout Plan, FAS continues to assist agencies in making transition progress.

- FAS continues its efforts to help small agencies with the acquisition fair opportunity process of selecting an EIS contractor. To date, FAS has delivered 91 fair opportunity packages to agencies to help them select their contractor.
- To date, FAS has supported agencies in awarding 193 EIS Task Orders.
- In Fiscal Year 2021, FAS will continue providing transition ordering assistance to 26 large and medium agencies which will help them complete their EIS solicitation awards.

FAS will continue to monitor progress across the Federal Government as agencies release solicitations, award task orders, and transition their telecommunications and network services to EIS.

Challenge #4: Maximizing the Performance of GSA's Real Property Inventory

Agency Actions Completed or Planned

GSA will continue to maximize the performance of its real estate portfolio while achieving significant cost savings for American taxpayers, and provide safe and high-performing facilities for Federal agencies to successfully deliver their mission. Effective asset management, integrated delivery of workspace solutions, and consistent application of project management principles will provide agencies the opportunity to enhance their work environments, improve space utilization, and reduce real estate costs. GSA promotes investments to optimize federally owned assets and lower the cost of the leased portfolio. In FY 2021, GSA will continue to increase the sales of under-utilized federally owned assets to better achieve a Government-owned portfolio of high-performing assets.

GSA's execution of the Real Estate Investment and Savings Strategy will be a primary focus for PBS in FY 2021. GSA is committed to making sound and cost-effective reinvestments in the Federal infrastructure that will address the growing backlog of critical repairs and renovations and determine the long-term viability of PBS's real estate portfolio.

The Federal Buildings Fund (FBF) was established in 1972 to finance the activities of the Public Buildings Service. The annual appropriation to the FBF provides PBS with limited new obligational authority to spend revenues and collections deposited into the Fund to operate, maintain, and invest in its real property inventory. PBS's real estate liabilities continue to compound year after year due to the FBF's limited appropriations relative to its budgetary need. While a substantial and growing balance in the FBF has accumulated over time, PBS does not have the obligational authority it needs to effectively reinvest in federally owned facilities. PBS's limited appropriations have created decade-long shortfalls, hindering its ability to address the deterioration of aging federally owned facilities, and to reduce the Federal real estate footprint, which could save taxpayers billions of dollars. During 9 of the last 10 fiscal years, PBS's revenues and collections exceeded its appropriated budget authority. PBS has been underfunded by approximately $9.4 billion, including $4.4 billion over the last four years, which significantly affects PBS's ability to sustain its portfolio and meet customer agencies' mission needs. In order to improve asset utilization, operate effectively, and consolidate costly leases, it is imperative that GSA receive full access to its revenue and collections to reinvest in federally owned properties to effectively support customer agencies and their mission needs.

GSA's FY 2021 Real Estate Investment and Savings Strategy will help PBS overcome these challenges. PBS has taken steps to create a solvent portfolio, balancing PBS's lack of capital funding by prioritizing projects that maximize asset performance, achieve cost savings, reduce liabilities, and drive space consolidations. In FY 2021, GSA will continue to build upon its prior successes as well as execute initiatives that address the OIG's concerns. This Strategy focuses on targeted capital building investments that will reshape the cost structure of the portfolio and result in one that is of higher quality, better maintained, smaller, and more efficient. This strategy consists of three components or priorities:

- Footprint Optimization
- Lease Cost Avoidance
- PBS Productivity

Footprint Optimization

PBS's Footprint Optimization priority aims to meet Federal customers' real property requirements at the lowest cost to the taxpayer, while maintaining assets that are safe and operate efficiently and effectively. PBS is focused on reducing the Federal footprint through the consolidation and disposal of underutilized Federal property, and enabling lease cost avoidance, which is an OIG highlighted challenge.

PBS optimizes the Federal footprint by focusing on real estate solutions in owned and leased assets. From the inception of Reduce the Footprint in FY 2015, PBS has helped its customers realize a reduction of almost five million rentable square feet. PBS achieved these reductions and taxpayer savings by working with customers to efficiently plan for their space needs offering innovative workplace strategies to arrive at cost-effective, state-of-the-art real estate solutions. Throughout the COVID-19 pandemic, PBS kept customer agency needs at the forefront while balancing the immediate effect on the entire portfolio and the necessity of keeping tenants and the public safe through new mandated janitorial/disinfection requirements. PBS is supporting Federal tenants as their real estate needs evolve to help determine their future demand for Federal real estate.

In its FY 2021 Budget, GSA has requested $1.3 billion in Repairs and Alterations funding. A portion of this funding will enable PBS to prioritize those projects with a high return-on-investment, including the following five projects, which will generate $1.1 billion in estimated savings compared to leasing over a 30 year period:

- ICE consolidation at 201 Varick Street in New York: $201 million savings.
- Department of Education consolidation at the Jacob K. Javits Federal Building in New York: $34 million.
- Tacoma Union Station Building renovation in Tacoma Washington: $28 million.
- West High Low Building on the SSA Headquarters Campus: $230 million.
- Metcalfe Federal Building in Chicago: $601 million.

These projects and others in GSA's requested budget were selected to prioritize PBS's limited resources towards projects that protect taxpayer investment, reduce lease costs, and decrease inventory liabilities.

PBS has developed tools and workplace strategies to consolidate space, reduce leased inventory, and minimize financial costs and vacant space. PBS's vacant space in FY 2020 totaled only 3.1 percent, significantly below the industry average of 13 percent[1].

In FY 2021, Funds from Operations is one of PBS's critical measures to focus the organization on generating revenue, seeking ways to backfill vacant space timely and minimizing financial losses. In response to the audit findings the OIG referenced in the FY 2021 GSA Management Challenges, PBS has been evaluating risk of vacant space relative to its portfolio planning efforts, including consideration of the remaining costs of the lease term, potential for backfill, lease buyout, and early termination rights. PBS is implementing processes to ensure timely and accurate execution of lease actions and rent bills and controls to ensure standard lease terms are enforced. PBS received a clear audit from the OIG's review of OCFO Internal Controls over Improper Payments for leases.

In order to optimize the footprint, PBS is also spearheading asset disposals and exchanges for the Federal Government. PBS aggressively identifies and disposes of underperforming assets through expanded sales and outleases, auctions, and transfers to local entities. In the last 5 years, GSA awarded 654 disposal projects on behalf of all Federal agencies totaling over $425 million in proceeds. Despite the pandemic and the associated effect on real estate markets, PBS exceeded its target in FY 2020 by generating $59 million in gross sales revenue from disposing of 94 properties. Additionally, PBS awarded 96 percent of non-competitive sales and donations within 220 days, exceeding PBS's target of 93 percent.

PBS also plays a critical role in executing the Federal Assets Sales and Transfer Act (FASTA) of 2016. PBS is providing substantial support to the Public Buildings Reform Board and customer agencies to ensure the success of the FASTA program. In FY 2020, PBS established a Program Management Office dedicated to the implementation of FASTA and signed a Memorandum of Agreement with the Board that defined roles and responsibilities for PBS's implementation of the disposal recommendations.

The OIG stated that PBS has only acknowledged receipt of agency property submissions and is not yet accepting the report of excess (ROE), which triggers the 1-year FASTA deadline. However, PBS is working closely with landholding agencies to finalize property due diligence packages and will accept the ROEs upon completion of the required information and finalization of tenant relocation strategies. Due to the effect the pandemic is having on commercial markets, and the need to identify proceeds to fund future projects, the Board reset its strategy to direct GSA to pursue a potential sale of the FASTA high value assets as a single portfolio offering by September 30, 2021. GSA is in the process of contracting for real estate advisory and brokerage services to assist in developing a transaction strategy that will result in the sale of all properties and the collection of proceeds by the end of FY 2021.

[1] As reported in the CBRE Office Vacancy Report Q2 2020

Lease Cost Avoidance

The second priority from PBS's FY 2021 Real Estate Investment and Savings Strategy is Lease Cost Avoidance, which focuses on saving money and providing the best value to the customers and the American taxpayer. PBS's portfolio shows that targeting specific lease agreements offer the greatest potential savings. Approximately 45 percent of PBS's leases will expire between FY 2022 and FY 2026, which creates a unique opportunity for GSA to restructure its lease inventory to achieve savings through favorable lease terms, including below-market rates. GSA avoided approximately $3.5 billion in full-term lease costs from FY 2018 through FY 2020. By targeting the highest cost leases, GSA is on track to exceed its $4.7 billion lease cost avoidance target over the life of new lease agreements from FY 2018 through FY 2023 utilizing the Lease Cost Avoidance Plan.

PBS has successfully:

1) Obtained rental rates 12.6 percent below market rates by executing longer-term leases rather than short-term extension actions at escalated rates (PBS increased the average lease firm term from 6.4 years in FY 2018 to 8.1 years in FY 2020).
2) Reduced its leased portfolio by 188,000 rentable square feet through space consolidations and moves to federally owned space.
3) Increased lease replacement from less than 50 percent in FY 2018 to over 70 percent in FY 2020.

The future Federal workplace is continuing to evolve, with changing customer requirements as more employees telework. PBS is assisting customers with space and technology solutions to ensure agencies are capable of delivering their mission through new ways of performing their work outside of a Federal facility. Reduction in demand for Federal real estate may provide opportunities for greater space reductions and savings. In FY 2020, PBS developed a new process to deliver large space requirements to customer agencies quickly and efficiently, streamlining the lease process. PBS also implemented robotic process automations in the leasing program, which is estimated to save 10,000 labor hours while standardizing processes. PBS focused responsibility for lease contract administration in three zonal centers of expertise, resulting in streamlined operations and improved accuracy and timeliness of lease payment processing, saving over $30 million.

Additionally, PBS created a new Simplified Lease Acquisition Template (SLAT) model that addresses the Simplified Lease Model issues identified in the OIG audit on holdovers and extensions. The new SLAT Model minimizes the level of effort required to complete smaller acquisitions. PBS has continued to limit the level of lease holdovers to one percent or less, showing no increase relative to the overall size of the portfolio.

The Lease Cost Avoidance Plan optimizes the Federal footprint, saves taxpayer dollars, and fulfills GSA's mission. PBS is driving these leasing improvement efforts throughout all 11 regions to save taxpayer money, reduce space, and increase consistency and accuracy through the leasing process.

PBS Productivity
The PBS Productivity priority, which is the third component of the FY 2021 Real Estate Investment and Savings Strategy, will improve the efficiency of PBS's mission delivery. The PBS Productivity priority focuses on strengthening Global Project Management practices, streamlining processes, implementing innovative tools, better using, enhancing acquisition strategies, and increasing internal controls. This effort is aimed at preparing PBS's workforce for success and reducing PBS's expenses. GSA is investing in robotic process automations, system improvements, internal controls, and process standardization to create consistent and nationally standard business processes that will generate efficiencies and save money. Driving consistency has been a concern highlighted by the OIG that GSA is addressing through this initiative.

One of PBS's FY 2021 Strategic Initiatives supporting the PBS Productivity priority is Global Project Management (gPM), an organization-wide practice of the industry's approach to project management. By positively affecting customer satisfaction, gPM is aimed at delivering projects within scope, on schedule, and on budget, and delivering quality projects. In response to the OIG's assertion that PBS has become reliant on construction management firms, PBS has established internal controls and new processes since the audit fieldwork was completed to assist in construction management, in alignment with gPM principles to clarify roles and responsibilities associated with project delivery. The use of construction managers is an integral part of project delivery and is also a common practice within the private sector. The construction manager enhances the level of expertise applied to managing a project from start to finish.

Contractors are not permitted to perform inherently governmental functions. PBS has established several internal controls to enable proper oversight of construction manager activities, including a checklist that identifies activities which are inherently governmental and should not be delegated. Furthermore, the implementation of the Project Management Order, creation of the Project Management Guide, Statements of Work, and several certifications such as FAITAS (Federal Acquisition Institute Training Application System) for Project Managers and Contracting Officer Representatives are now in place. GSA also developed the Electronic Acquisition System Integration (EASi) for contract files and data management, including components to ensure contract documents are stored correctly. Lastly, Contracting Officer Representative responsibilities have been clarified and reinforced with the use of certification requirements and tools to enable consistency. These internal controls have been implemented throughout PBS regions for consistency in application.

Additionally, under the PBS Productivity priority, PBS is leading an initiative to support Strategic Acquisition for Quality Services, which lays the foundations for future efficiencies and operational improvement in facilities management. Strategic Acquisition for Quality Services is designed to improve the planning, procurement, and administration of facilities management service contracts and implement standard processes, tools, and training. The more efficient use of acquisition tools and strategy will help save taxpayers money as well as improve service delivery.

As previously stated, PBS is hindered in its ability to fully invest in Building Operations and Maintenance due to limited access to revenues and collections deposited in the FBF. PBS's inability to tap into additional FBF funds is causing further deterioration of aging Federal assets. PBS allocates its funding to the most deserving projects through a vigorous decision process, balancing competing needs and priorities. GSA is committed to executing deserving, cost-effective investments into its assets that will reduce long-term costs and the growing backlog of critical repairs and renovations that are necessary in Federal facilities.

In the FY 2021 Management Challenges, the OIG identified obstacles in PBS's Operations and Maintenance program including inconsistent contract administration practices, accurate facility condition needs, and adequate expertise in its field offices.

- *Inconsistent contract administration*: The OIG has identified contract administration inconsistencies during inspections in service centers. PBS is aggregating its operations and maintenance contracts through the Strategy Acquisition for Quality Services, which will reduce its costs and administrative burden, while gaining consistency in contract administration practices such as inspection services. The goal of this initiative is to not only realize cost reduction goals but also maintain consistent and reliable levels of service. In addition, effective January 1, 2021, PBS will require that all Contracting Officer's Representatives (CORs) use standard, automated forms for the inspection of recurring service contracts. The standardized forms will be accessed and retained in our computerized maintenance management system. We will also be engaging subject matter experts *(e.g.*, Industrial Hygienists, Fire Protection Engineers) to review contractor deliverables and support the activities of CORs prior to acceptance by the Government.

- *Identify accurate facility condition needs*: PBS established a national goal in FY 2020 to measure the percentage of buildings with active preventive maintenance plans and has significantly improved in this area. Through training, systems and processes across PBS's regions, PBS is improving in the accuracy of facility condition records, maintenance and repair history, and work order backlog. In FY 2020, the percentage of preventive maintenance plans in place increased to 87 percent, a more than 20 percent increase since FY 2019. Additionally, PBS closed 98 percent of preventative maintenance items on time last year.

- *Maintain expertise in field offices*: PBS has a vigorous training program for facilities managers and has improved this training throughout FY 2020. The Federal Buildings Personnel Training Act (FBPTA) of 2010 requires all Federal personnel providing building operations and maintenance services to demonstrate competencies necessary to effectively operate Government facilities. PBS continues to use FBPTA to assess our workforce and provide the training that is necessary to fill our skills gaps. In the most recent workforce assessment, the area with the lowest workforce proficiency was technology of maintenance management systems. To address this gap, PBS has created classes that specifically address these areas and are now available to all employees. PBS will continue to use the FBPTA competencies to assess the workforce, identify skill gaps and gear our training plans to fill those gaps.

Despite funding limitations and the pandemic, PBS has met these difficult challenges successfully, keeping buildings open, operational, and safe for customer agencies to meet their mission needs. PBS has risen to these challenges, cleaning and disinfecting over 4,400 workspaces and updated 99.7% of our custodial specifications in accordance with CDC guidance, keeping PBS buildings safe for employees and the public.

The OIG also references management of Energy Savings Performance Contracts (ESPC) and Utility Energy Service Contracts (UESC) in GSA's Management Challenges. ESPCs are long-term, high value contracts and proper administration of these contracts and task orders is important. In response to audit findings, PBS has already implemented corrective actions. PBS issued a memorandum in January 2018, *"Operational Guidance and Instructions Outlining Roles, Responsibilities, Administration and Reporting Requirements for Energy Savings Performance Contracts,"* addressing the findings for Operations and Maintenance savings and inadequate witnessing. PBS is also identifying and recovering savings shortfalls, setting up processes to ensure that ESPC contract files include key documentation, and completing guidance for annual savings evaluations on ESPCs.

PBS is required to follow the Department of Energy's Federal Energy Management Program (FEMP) guidance for ESPCs. While there is no FEMP requirement to prove that guaranteed savings are delivered through an agency's internal accounting, which is the methodology OIG used to calculate savings, PBS recognizes the importance of this issue and is taking it into consideration, where appropriate, as it administers ESPCs going forward. PBS is also in the process of strengthening guidance and controls for UESCs in FY 2021.

Challenge #5: Implementing GSA's Role Under the Comprehensive Plan for Reorganizing the Executive Branch

Agency Actions Completed or Planned

In June 2018, the administration released a plan to reorganize the Federal Government, "Delivering Government Solutions in the 21st Century; Reform Plan and Reorganization Recommendations." In accordance with the plan, several core functions currently performed by the U.S. Office of Personnel Management (OPM) would transfer to GSA. As noted by the Officer of the Inspector General (OIG), Congress included a provision in the FY 2020 National Defense Authorization Act (NDAA) prohibiting the agencies from engaging in any further merger-related activities, pending the results of a study by the National Academy of Public Administration (NAPA). NAPA's recommendations about OPM are expected in March 2021, with a subsequent six-month period allocated for developing justifications and analyses after which Congress would consider enabling legislation. GSA engaged and completed its response to the NAPA study related to the potential OPM-GSA transfer of core functions and specified IT infrastructure. GSA submitted its response to NAPA in October 2020.

GSA affirms the OIG's statement that "GSA and OPM are no longer taking active steps to transfer OPM's core functions and IT infrastructure to GSA." Since the passage of Section 1112 of the FY 2020 NDAA provision that prohibits transfer of functions from OPM to GSA until at least 180 days after a report by NAPA, and subject to enhancement of any required legislation, the Administration is no longer pursuing the reform, and looks forward to working with Congress on solutions to address the existing needs of OPM.

GSA concurs that, should merger efforts resume in late FY 2021 or beyond, GSA will build upon the foundational work initiated by the President's Reform Plan and incorporate OIG's recommended key actions related to addressing legal authorities, conducting due diligence, and engaging relevant stakeholders.

Challenge #6: Managing Agency Cybersecurity Risks

Agency Actions Completed or Planned

Cybersecurity is an important GSA and national priority. GSA maintains a formal program for information security management focused on Federal Information Security Modernization Act (FISMA) requirements and protecting GSA IT resources. This program is focused on processes necessary to mitigate new threats and anticipate risks posed by new technologies and follows the National Institute of Standards and Technology's cybersecurity framework for making risk-based determinations.

GSA meets all FISMA Cross-Agency Priority Goals for cybersecurity and received a "Managing Risk" rating across all capability domains and overall for the Risk Management Assessment Scorecard. GSA also received an overall "Effective" rating from the OIG for the GSA IT security program in the FY 2019 and FY 2020 FISMA independent review(s).

Controlling Access to Sensitive Information in GSA Systems

The OIG's reported cybersecurity challenges in this area relate to (1) previously reported OIG threats to sensitive information including exposures of personally identifiable information, the mishandling of procurement information, and the provision of unauthorized access to internal infrastructure documents by Agency employees; and, (2) GSA employees sending sensitive Agency business information and sensitive personnel information to their private email accounts outside of the GSA network from their Government email accounts.

Cybersecurity challenges as described in (1) occurred in 2015 and related to inappropriate sharing in GSA's collaboration platform. The issue was corrected via a Corrective Action Plan (CAP) that included robust technical capabilities, supporting operational processes, and recurring annual awareness training for securely sharing in a collaborative environment.

Challenges as described in (2) are not pervasive but an acknowledged threat. They corresponded to six GSA users in FY 2019 and FY 2020 sending sensitive Agency business information and sensitive personnel information to their private email accounts outside of the GSA network from their Government email accounts. The incidents in question were triaged and resolved or are pending resolution following established GSA processes. These incidents happened in spite of effective cybersecurity training. GSA has formal policies, procedures, and processes including mandatory security training for proper handling of sensitive information and prohibits sharing with personal accounts. GSA will review its security training program to identify additional opportunities to help users better understand their responsibilities in protecting security information and the prohibitions against sharing with personal accounts.

In FY 2021, GSA IT will further strengthen cybersecurity capabilities focused on data protection, including access to sensitive information, by:

- Implementing Department of Homeland Security (DHS) Continuous Diagnostics and Mitigation (CDM), Privileged Access Management (PAM), and Identity Management Solution for privileged access and account management.
- Strengthening GSA's enterprise account management and recertification processes, ensuring accounts are recertified annually and removed in a timely manner.
- Providing ongoing training to the cybersecurity stakeholders responsible for the implementation of key cybersecurity controls within GSA information systems. The training includes topics for protection of sensitive data, sharing in a collaborative environment, and the annual rules of behavior and security awareness.
- Ensuring that contracting officers, contracting officer's representatives (COR), and program managers validate that the appropriate cybersecurity language is included in all GSA IT contracts as outlined in GSA policy and procedures.
- Performing an analysis and developing a plan to implement data at rest encryption for all GSA information systems (including contractor-owned and -operated) that store, process, and transmit personally identifiable information and financial information.
- Refining GSA's Cloud Access Security Broker solution.
- Development of machine learning models and dashboards in GSA's enterprise logging platform to provide better insight into risks, threats, and operations.

Delivering the System for Award Management (SAM)
GSA is responsible for delivering the new System for Award Management (SAM), the end product of a Presidential E-Government initiative to consolidate 10 acquisition and financial assistance-related legacy systems. GSA continues to evaluate the effectiveness of the technical controls and safeguards implemented within SAM to secure the system, protect users and data from malicious threats, and form a layered defense.

Building on extensive controls implemented and tested in FY 2018 and FY 2019 to deter fraudulent activity in SAM, in FY 2020, GSA took additional steps when it conducted risk assessments of processes and procedures, assessed system security posture, and identified areas and opportunities to strengthen security controls and improve responsiveness to resolution.

In FY 2021, in response to earlier audit findings, GSA will take the following steps:

- Align SAM.gov to GSA's Vulnerability Disclosure Program (VDP). GSA's VDP was developed in accordance with DHS BOD 20-01 and OMB M-20-32.
- Continue implementing increased security controls around processes and procedures.

As part of a Government-wide technology modernization effort, the IAE Program Office is introducing a new unique Entity ID, generated in SAM.gov, as the official entity identifier for doing business with the Government. The SAM-generated unique entity identifier will replace the Data Universal Numbering System (DUNS) number and supporting entity validation services provided by Dun &

Bradstreet (D&B), which SAM currently uses to identify unique entities, control entity relationships, and manage user permissions. When the transition is complete, Ernst & Young (EY) will provide validation of entity uniqueness and core entity data. The EY proprietary identifier will be mapped to the SAM-generated unique ID, allowing the Government, in the future, to competitively contract for entity validation services while avoiding the use of a proprietary identifier. The SAM-generated Unique Entity ID standard was developed by an interagency working group and published in the Federal Register on July 10, 2019. IAE began the development efforts to make this system change and are continuing to treat security as foundational, ensuring compliance with relevant GSA IT Security policies.

GSA and the SAM.gov program office take seriously the complaints about third parties that allegedly defraud SAM registrants. In order to address this issue, GSA has an active customer outreach campaign. The SAM.gov website also emphasizes that SAM.gov is free to use and that there are free assistance services available.

The SAM.gov program continues to mature its management practices to identify and address risks to project completion and to ensure the project is delivered in a cost-effective and timely manner. The SAM.gov program follows the Scaled Agile Framework (SAFe) software delivery methodology which focuses on continuous improvement throughout the software delivery lifecycle. The SAM.gov Program Team has established the Joint Product Team (JPT), which is focused on reviewing the program backlog, decomposing business requirements, identifying risks and dependencies associated with business requirements, analyzing and assessing the size and scope of business requirements, and developing the architectural runway to ensure the development teams are ready to begin development at the beginning of each program increment. In addition to SAFe and the JPT, the SAM.gov program team holds regular meetings to review the risk register and monitor contractor performance. In developing three critical software components in FY 2020 (Contract Opportunities, Federal Hierarchy, and Data Bank Reporting), the SAM.gov used SAFe, the JPT, and regular program reviews to identify and mitigate system risks and support the proactive management actions, ensuring the development of project deliverables on time and on budget.

Lastly, GSA recognizes the importance of ensuring proper controls for the use of Robotic Process Automation (RPA). As such, the GSA RPA Program's development and maintenance process is integrated and compliant with IT, IT Security and Privacy Governance controls and closely coordinated with the Office of GSA IT to obtain the proper security and access approvals to mitigate cybersecurity and process risks.

GSA will continue to implement effective cybersecurity controls and adequate policies and procedures to help mitigate cybersecurity and credentialing risks.

Challenge #7: Managing Human Capital Efficiently to Accomplish GSA's Mission

Agency Actions Completed or Planned

GSA recognizes effective human capital management as critical to the agency's continued success. In GSA's FY 2020 enterprise risk assessment, senior executives viewed human capital as a top agency risk for the second year in a row. GSA has focused its efforts on workforce planning and recruitment, tailored to the specific needs of each organization, to proactively mitigate the challenges associated with workforce management.

GSA has demonstrated its commitment to improving human capital processes and procedures through the following recruitment and workforce planning activities:

- Workforce Planning has become a new mandatory performance plan requirement for all GSA Heads of Service and Staff Offices (HSSOs).
- 14 of 14 (100%) GSA organizations have progressed at least one level on the Workforce Planning Maturity Model, and 11 of the 14 (79%) GSA organizations have progressed two levels.
- The GSA Enterprise Emerging Leaders Program (EELP) has been consolidated into one capstone, enterprise-wide program that is centrally managed and fully funded. Additionally, GSA developed and executed a recruitment effort to support implementation of the capstone program.
- GSA developed an agency recruitment strategy and identified the requisite resources to support GSA-wide FY 2021 staffing plans.

Over the next year, GSA plans to continue this emphasis on effective human capital management with the following activities:

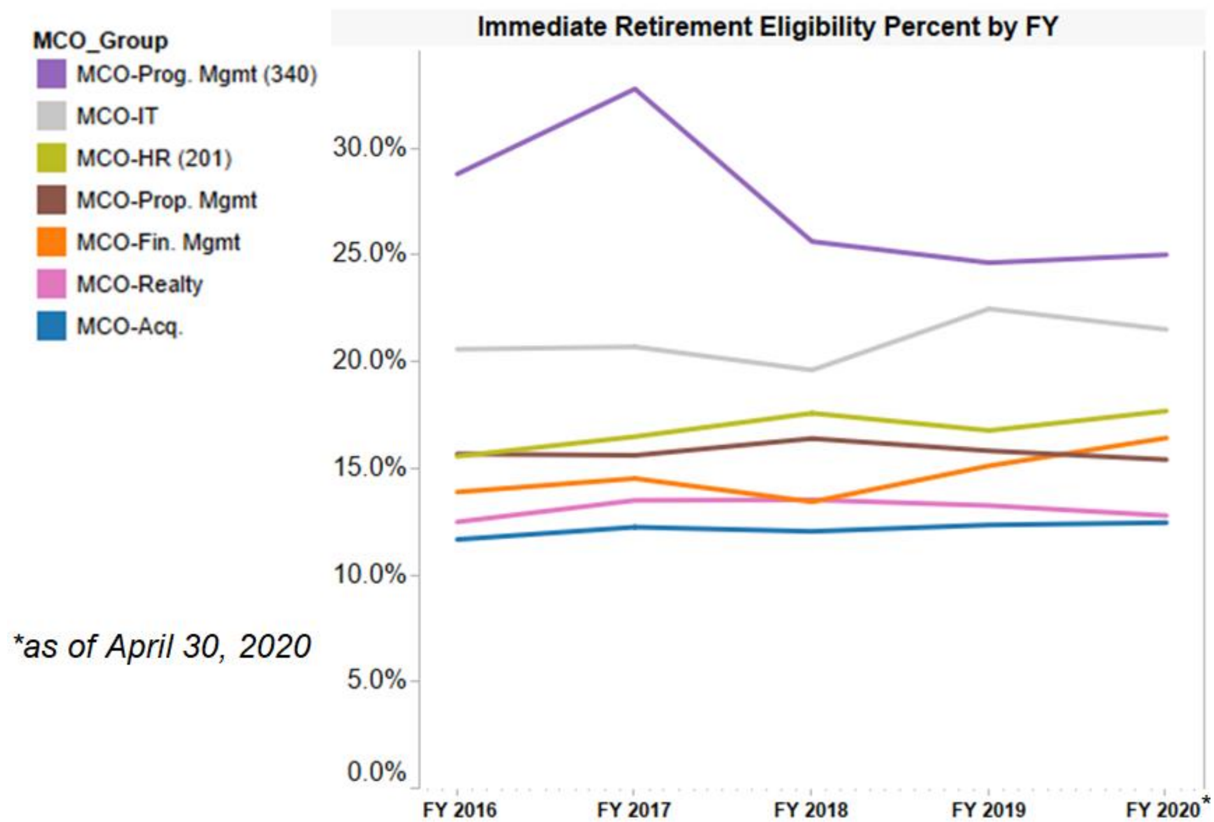
- Workforce planning will continue to be a performance plan requirement for all GSA HSSOs, and will include targeted Human Capital initiatives to move SSO organizations toward level 3 of the GSA Workforce Planning Maturity Model.
- GSA onboarded the first EELP recruits in October of 2020 and began the program on schedule.
- GSA is implementing the agency recruitment strategy established in FY 2020 based on organization-level FY 2021 staffing plans.

GSA takes seriously its talent pipeline management, including succession planning and hiring strategies to mitigate the potential losses from retirement. This is especially true for GSA's mission-critical occupations (MCOs). OIG highlights their concern that "*GSA faces the loss of experience and expertise through retirements as 15 percent of the mission-critical workforce are eligible to retire now and 32 percent will be eligible to retire over the next 5 years."* OIG also notes that *"GSA concerns included the ability to hire the right people, struggles with hiring entry-level staff, and retaining personnel who have adequate knowledge and skills...Between 27 and 57 percent of the staff in*

GSA's mission-critical occupations are eligible for retirement in the next 5 years, as of May 31, 2020."

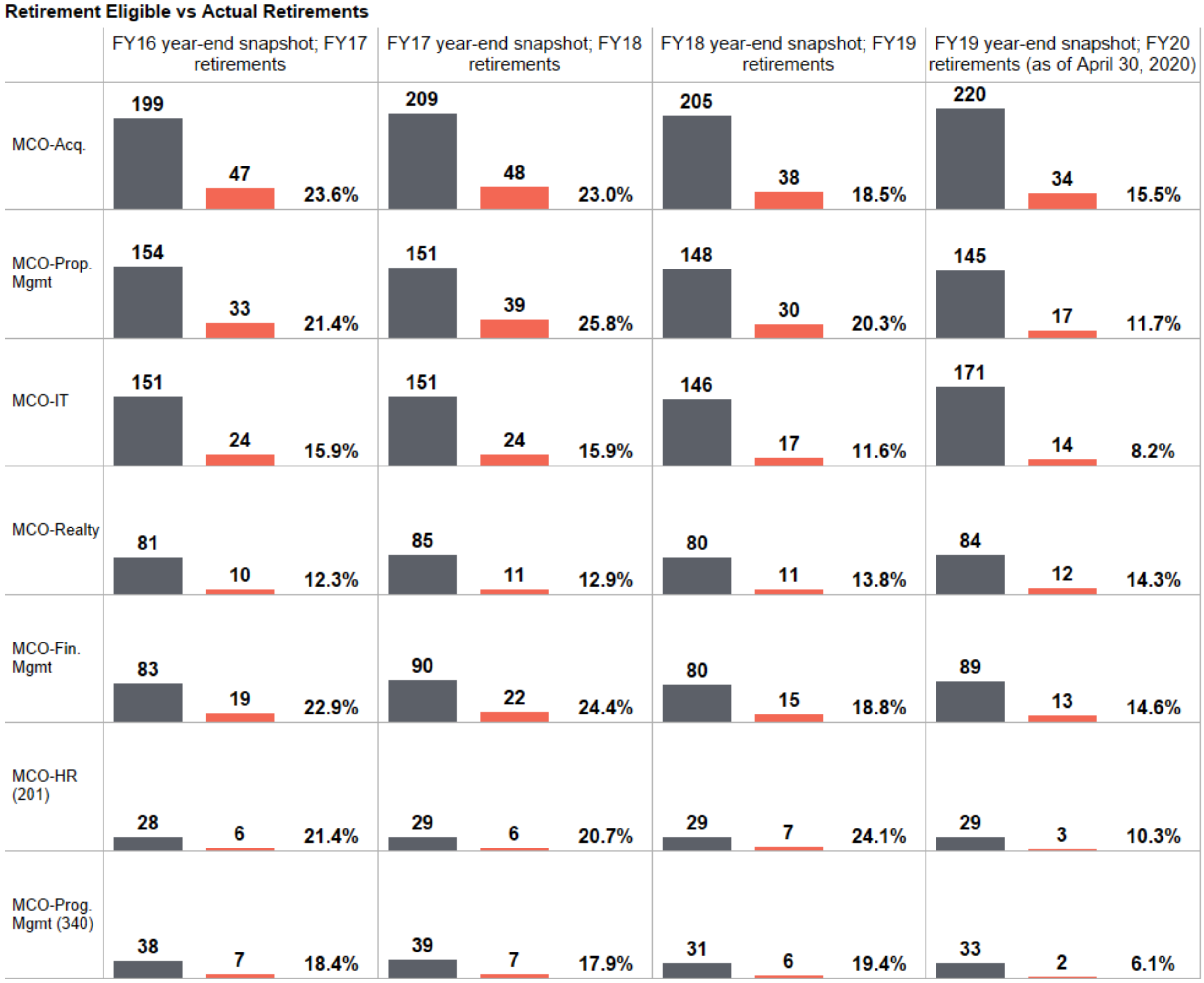
As evidenced by the rigorous methods it uses to both track and forecast changes in retirement eligibility, GSA agrees that this is an important metric with significant implications for the workforce. However, according to GSA's most recent workforce data, MCO retirement eligibility at GSA is consistent with historical norms, remaining relatively unchanged since FY 2016. For 5 of the 7 MCOs, the retirement eligibility percentage stayed within 1 percentage point from FY 2016 to FY 2020, with only Financial Management and Human Resources having modest increases of 2.5% and 2.1%, respectively, in their eligibility percentage over the same period (*Figure 1*).

Figure 1 – Mission-Critical Occupation Retirement Eligibility Largely Unchanged Over Time



Perhaps more importantly, MCO retirement eligibility far outpaces actual retirements. In other words, only a small fraction of those eligible for retirement in any single year actually retire *(Figure 2)*. Median time past retirement eligibility is 4 years GSA-wide and 3.8 years for MCOs, allowing the agency adequate time to build a pipeline to backfill MCO positions.

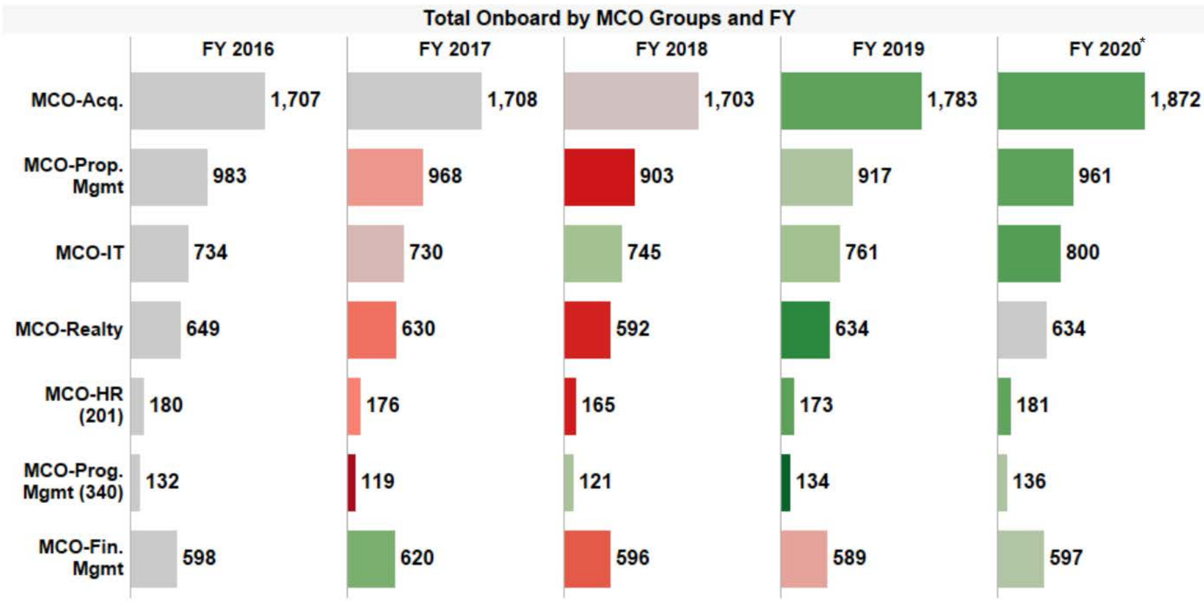
Figure 2 – At GSA, a Small Fraction of Retirement-Eligible MCO Employees Actually Retire Each Year



***Black** indicates employees eligible for retirement at the start of the FY. **Orange** indicates actual retirements during the FY. Percentage of retirement eligibles who retire is displayed on the right.*

The relatively low rate of actual retirements in MCOs combined with strong hiring outcomes resulted in a net gain in positions for all MCOs since FY 2018 (*Figure 3*). Acquisition, HR, IT, and Program Management experienced a further net gain in positions going back to FY 2016. This growth of the MCO workforce underscores GSA's commitment to sustaining a robust MCO talent pipeline and the effectiveness of its practices.

Figure 3 – GSA's MCO Workforce Has Been Growing in Recent Years

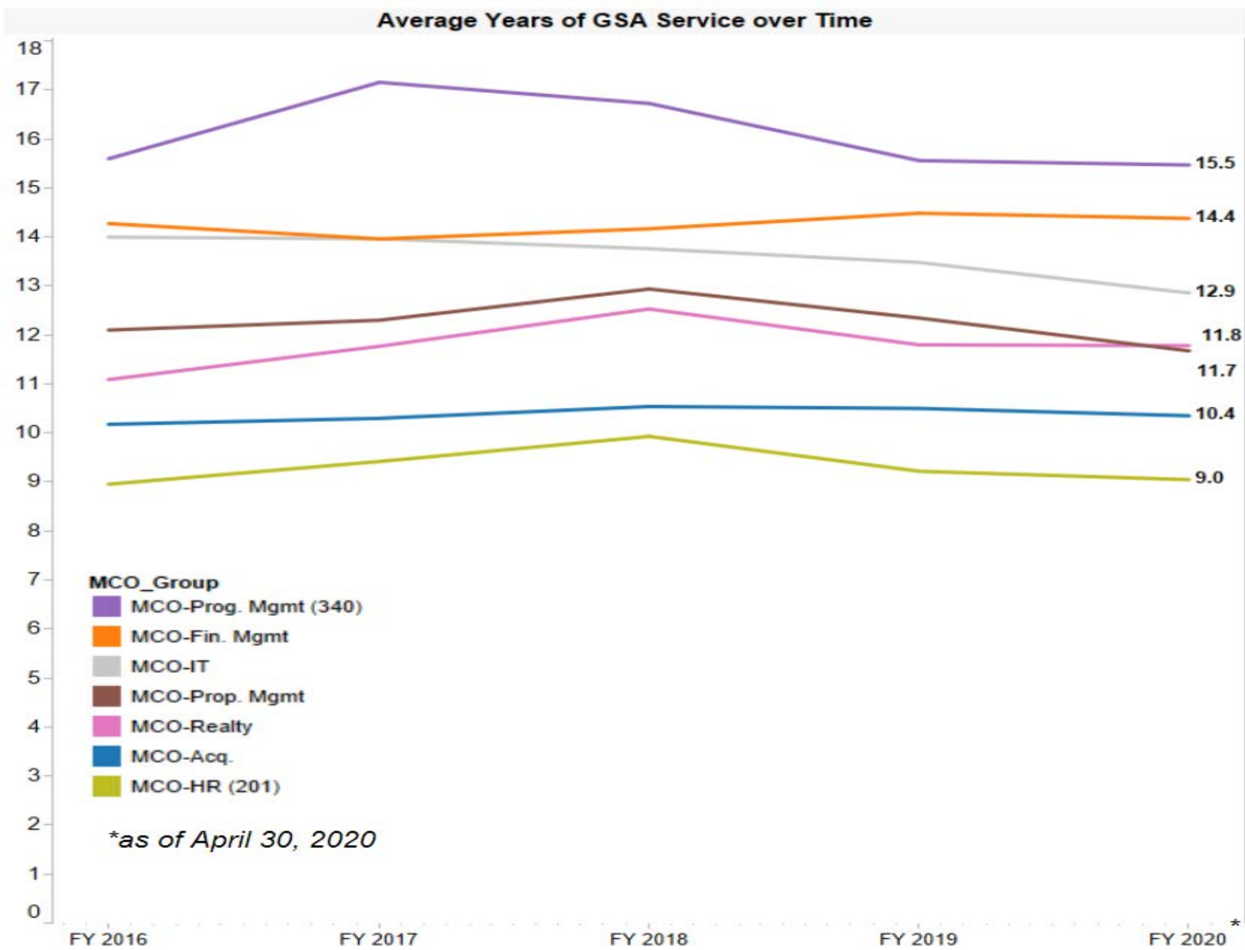


As of April 30, 2020.* ***Green* *indicates net increase from prior FY.* ***Red*** *indicates net decrease from prior FY.*

Finally, the OIG notes that *"with a significant portion of its mission-critical workforce eligible to retire over the next 5 years, GSA must strive to maintain technical expertise as the Agency works to meet regulatory requirements and customer demands."* GSA agrees with the OIG that it is important for any Federal agency, including GSA, to maintain technical expertise to ensure mission success. GSA sees this as a key pillar of effective human capital management and has placed special emphasis on MCO hiring and retention.

Indeed, analysis of GSA's workforce data reveals that MCO tenure is robust - ranging from 9 years in]Human Capital to 15.5 years in Program Management - and has remained consistent since FY 2016 (*Figure 4*). The MCO tenure data, in conjunction with the low rates of actual retirements and the overall net gains in MCO staffing levels, provide strong evidence that GSA is successfully maintaining the technical skills needed to deliver on its mission.

Figure 4 – MCO Employee Tenure is Consistent Over Time



GSA's mission cannot be accomplished without its workforce. The agency is dedicated to maintaining a productive and mission-focused workplace that recruits and retains the best employees in the Federal government. GSA will continue to work diligently on effective human capital management that addresses workforce challenges and positions GSA as the employer of choice in the marketplace.

Challenge #8: Safeguarding Federal Facilities and Providing a Secure Work Environment

Agency Actions Completed or Planned

GSA provides safe, healthy, and secure workplaces for Federal employees and visitors. In partnership with the Federal Protective Service (FPS) at the Department of Homeland Security (DHS), GSA is continuously working to evaluate and improve its programs related to safety and security in Federal workplaces. Along with DHS, GSA serves as co-lead for the Government Facilities Sector, as outlined in the 2013 National Infrastructure Protection Plan, helping partner agencies by sharing expertise and best practices for the management of Government facilities.

Environmental and Health
GSA takes its role as the Federal landlord and the safety of its tenants seriously. GSA has improved processes and strengthened internal controls around its environmental and health safety program. In FY 2021, GSA is implementing a new environmental, health, safety, and fire compliance structure, which will strengthen a culture of compliance by standardizing processes and protocols. Additionally, GSA is establishing a central repository for all environmental, health, safety, and fire data to improve the collection of data, analyze trends, and plan for future mitigation projects. PBS is also in the process of developing a national occupant notification policy to keep tenants informed of conditions that affect them. Furthermore, GSA will provide compliance training to pertinent PBS employees.

GSA and FPS Collaboration
Since the signing of a memorandum of agreement between FPS and GSA on September 27, 2018, GSA now has access to facility security assessments and countermeasure recommendations using the FPS Modified Infrastructure Survey Tool. Having access to facility security assessments offers GSA the opportunity to review the assessments, research facility issues when they arise, and account for security in GSA facilities when necessary.

In January 2020, GSA and FPS entered into a Joint Strategy for the implementation of the 2018 memorandum of agreement between FPS and GSA. This Joint Strategy will facilitate proactive collaborative planning, information sharing, rapid response actions, effective execution, and mission accomplishment. In line with the Joint Strategy’s framework, GSA and FPS have continuously shared information and intelligence related to events at GSA facilities, particularly during the civil unrest throughout FY 2020.

Security at GSA Child Care Centers
FPS is conducting comprehensive assessments to identify security vulnerabilities at each child care center located in a GSA controlled facility. The assessments will address specific vulnerabilities identified in the January 2020 OIG Audit. Once completed, GSA will vet any identified vulnerabilities and will work with Facility Security Committees for approval and funding of countermeasures. GSA is committed to addressing the proposed countermeasures where the agency is responsible for decision making and funding, and will work with sponsoring agencies to facilitate action to fund and implement upgrades for which they are responsible. If other agencies or Facility Security Committees decline to fund a countermeasure, GSA will consider options including moving forward with a countermeasure implementation, relocating a child care center, or closing a child care center.

GSA has already begun this process, and issued a memorandum to all PBS Regional Commissioners and Assistant Commissioners in July 2020 providing decision-making guidance to address facility security assessment countermeasures at GSA-controlled buildings with child care centers.

Unauthorized Access and Physical Access Control Systems (PACS)
Since 2017, GSA has discontinued the use of facility access cards and updated the Physical Access Control Systems (PACS) on 1200 doors and access points at approximately 95 facilities across the Nation. GSA continues to invest in PACS, updating legacy systems to meet the requirements of the Office of Management and Budget and the Interagency Security Committee. At the present time, all 11 GSA Regions are moving forward with a phased approach for implementation of the GSA e-PACS. Contingent on funding, this effort should be completed in FY 2022. The access cards GSA currently produces for the Executive Branch are all HSPD-12 compliant.

Challenge #9: Managing the Impact of COVID-19

Agency Actions Completed or Planned

Protecting the Health and Safety of Building Occupants
GSA considers the health and safety of occupants in GSA-controlled space as its highest priority. Since the first COVID-19 incident in GSA-controlled space was reported on March 9, 2020, GSA has addressed numerous COVID-19 incidents across its owned and leased facilities. Utilizing guidelines from the Centers for Disease Control and Prevention (CDC) as the basis, GSA has taken steps to ensure its communications, cleaning, and disinfection procedures are effective in response to the COVID-19 pandemic.

GSA developed a notification protocol to inform the building occupants' point of contact of COVID-19 incidents within 24 hours of PBS becoming aware. There is no CDC requirement for 24-hour notification as stated in the OIG's *Assessment of Management and Performance Challenges for FY 2021*; this is a PBS requirement. PBS has re-emphasized each building occupant's obligation to notify GSA promptly of all potential COVID-19-related incidents. PBS has sent the GSA notification protocol to each building occupant's point of contact, reminded them of their responsibility to notify all individuals within their organization of all such incidents, and noted that the protocol may be revised over time.

In the Alert Memorandum referenced in the FY 2021 Management Challenges, the OIG sampled 11 COVID-19 incidents which took place between March 13 and May 14, 2020, and found three instances where the inspection documentation was missing. Since the early stages of the pandemic, GSA has taken proactive steps and instituted additional internal controls to ensure compliance moving forward. GSA's cleaning and disinfecting aligns with CDC guidelines and Federal policies.

As part of its regular custodial service, GSA incorporated increased cleaning and disinfection of frequently touched surfaces in common and high-traffic areas (excluding occupant agency workstations and personal property), and is modifying its custodial and lease contracts to reflect that level of service, as occupant agencies return to the physical workplace. As those contracts are modified, PBS is requiring its Facility Managers to review the contractor's Quality Control Plan (QCP) to ensure that the plan adequately addresses the new contract requirements. If the existing plan is found to not be adequate, then the Contracting Officer's Representative (COR) must coordinate with the Contracting Officer to request the contractor revise their plan and resubmit it for approval. PBS is also requiring its Facility Managers to review the Government's Quality Assurance Surveillance Plan (QASP) to verify that it is also still appropriate, once the contractor's QCP has been approved.

GSA also developed a standard scope of work for cleaning and disinfection in response to confirmed or suspected COVID-19 cases in GSA-controlled space, and requires use of that scope by its custodial vendors and lessors. Additionally, GSA has mandated the use of the *Cleaning and Disinfection Work Checklist* to be used as an additional means of ensuring the cleaning and disinfection work is completed in accordance with guidelines and contract requirements.

At the onset of the COVID-19 pandemic, GSA took immediate steps to confirm that all of its custodial contracts included the requirement for a contractor Pandemic Plan. The OIG raises concerns with GSA's oversight of cleaning contracts, QCP, and QASP referencing two previous audit engagements[2]. These audit engagements involved sample contracts dating back to FY 2015 through FY 2017 in one audit and a task order awarded in March 2010 in the other audit. Since that time, GSA has made significant improvements with new and implemented systems, processes, and internal controls.

In September 2020, the OIG also raised concerns that PBS did not update contractor oversight plans for COVID-19 cleaning. However, GSA's National Custodial Specification requires each custodial contractor to have a Pandemic Plan that outlines the steps it must take to prevent and reduce the spread of a pandemic on custodial and related services. GSA officials made sure its custodial contracts included the requirement for a Pandemic Plan, collected any outstanding Plans from its contractors, and reviewed the Plans to ensure they were appropriate. This effort resulted in custodial vendors having active Pandemic Plans in place for 100 percent of PBS's custodial contracts.

GSA continues to do everything possible to limit and reduce the spread of COVID-19 in its facilities, especially as Federal employees begin to return to GSA facilities from extended telework, and buildings reopen to the general public.

Implementing Consistent Guidance for Returning Federal Workers to GSA Facilities
GSA takes its responsibility seriously to provide a safe environment for Federal employees, tenants, and the public in GSA-controlled facilities. Once GSA's partner agencies make a decision about the operating status for their offices - including decisions to reopen facilities - GSA works with those agencies to ensure that their buildings and operations, such as screening processes, are safe for employees, contractors, and visitors.

Additionally, GSA developed the *Return to Workplace Strategy Book* to assist agencies in preparing for employees to return to facilities. The Strategy Book captures key learnings from the pandemic response and offers a decision-making framework to help agencies plan for their return to facilities in an efficient, consistent, and effective manner. The Strategy Book also provides recommendations and considerations on operational challenges, ranging from space configuration and signage to encouraging safe workplace behaviors.

At the same time, GSA is committed to ensuring that its own employees are safe and have flexible work accommodations. GSA embraced telework even prior to the pandemic. Ninety-nine percent of GSA employees are telework eligible, which allowed the agency to move seamlessly into maximum telework and to continue to be a leader for the Federal Government. During the pandemic, approximately 4 percent of GSA employees reported on site periodically, while the remaining worked

[2] GSA's PBS Northwest/Arctic Region Service Center Does Not Effectively Administer Lease and Service Contracts (A180053) sampled FY 2015-FY 2017 contracts, and 2) the Audit Memorandum, Award and Administration Issues for Construction Services on the Recovery Act Project at the Joseph P. Addabbo Federal Office Building in Jamaica, New York (A090184) dated December 2014 regarding a task order awarded in March 2010.

virtually without suspending operations, or reported to be on scheduled leave. GSA has also deployed a range of technologies to keep business operating effectively, as well as promote collaboration and communication internally and externally. Lastly, GSA ensures that its reopening plans for GSA employees align with Federal guidelines and policies, while taking into account local pandemic trends and reopening status.

Accurate Reporting of CARES Act Spending

GSA concurs with the importance of ensuring accurate reporting of CARES Act spending, and does not anticipate issues implementing the CARES Act spending reporting requirements. CARES Act spending is subject to all GSA reporting and accuracy requirements of its financial statements.

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