GSA

U.S. General Services Administration

2020 Agency Financial Report

Keeping Government Connected

GSA Websites

MAIN SITE
www.gsa.gov

TECHNOLOGY
www.gsa.gov/technology

ACQUISITION
www.gsa.gov/acquisition

TRAVEL RESOURCES
www.gsa.gov/acquisition

REAL ESTATE
www.gsa.gov/real-estate

PROPERTIES
www.gsa.gov/real-estate/gsa-properties

HISTORIC PRESERVATION
www.gsa.gov/real-estate/historic-preservation

AGENCY PERFORMANCE REPORT
www.gsa.gov/reference/reports/budget-performance/annual-reports

AGENCY FINANCIAL REPORT
www.gsa.gov/reference/reports/budget-performance/annual-reports

JOIN THE CONVERSATION

www . facebook . com/gsa

twitter . com/usgsa

www . youtube . com/usgsa

www . instagram . com/usgsa

www . gsa . gov/blog

About This Report

This Agency Financial Report (AFR) for fiscal year (FY) 2020 presents the U. S. General Services Administration (GSA) financial information relative to our vital mission and stewardship of the resources entrusted to the agency.

The AFR also highlights GSA's priorities, accomplishments and challenges.

In accordance with the Office of Management and Budget Circular A-136 Financial Reporting Requirements, GSA produces the following reports: (i) an AFR issued by November 16, 2020 and (ii) an Annual Performance Report (APR) submitted with the GSA Congressional Budget Justification to be issued by February 1, 2021. The AFR and the APR will be available online:

https://www.gsa.gov/reference/reports/budget-performance/annual-reports

How this Report is Organized

This AFR provides financial and performance information for the FY beginning October 1, 2019, and ending on September 30, 2020, with comparative prior year data, where appropriate. The AFR demonstrates GSA's commitment to our mission and accountability to Congress and the American people. This report presents GSA's mission, accomplishments, and challenges. The AFR begins with a message from our Administrator, Emily Murphy, followed by three main sections:

Section 1
Management's Discussion & Analysis (Unaudited)

1. Organization
2. Performance Summary
3. Financial Statements Summary and Analysis
4. GSA Management Assurances

Section 2
Financial Section

1. Letter from the Chief Financial Officer (Unaudited)
2. Inspector General's Transmittal of the Independent Auditors' Report (Unaudited)
3. The Independent Auditors' Report
4. Consolidated Financial Statements
5. Notes to the Financial Statements
6. Consolidating Financial Statements
7. Required Supplemental Information (Unaudited)

Section 3 **Other Information (Unaudited)**

1. Inspector General's Assessment of Management and Performance Challenges & GSA's Responses
2. Summary of Financial Statement Audit and Management Assurances
3. Payment Integrity
4. Other GSA Statutorily Required Reports
5. Real Property
6. Civil Monetary Penalties Inflation Adjustment
7. Acronyms and Abbreviations

Table of Contents

Frequently Asked Questions

If you have not read an agency financial report for a Government agency before, some of the terms may be confusing. This frequently asked questions section will help you better understand GSA's AFR. For more detailed information to reference, the Government Accountability Office (GAO) offers a glossary of terms, the Treasury provides guidance on government accounting and reporting, and the Office of Management and Budget's (OMB) Circular A-136 lists AFR requirements.

Why does GSA prepare an agency financial report?
The Chief Financial Officer Act of 1990 requires GSA to prepare annual reports containing audited financial statements and performance reporting. OMB provides detailed guidance regarding the contents and formats to be used for these annual reports. Following that guidance, GSA prepares this AFR and a separate Agency Performance Report.

What are the key parts of an AFR?
Agency financial reports can be daunting to read and understand. You can get a big picture understanding of GSA by reviewing the following parts of the AFR:

- The Auditors' report provides the context behind the audit testing performed and the results of that testing, including whether they found the financial statements materially correct in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

- Financial statements provide the financial results for the year and include:
  - the balance sheet,
  - the statement of net cost,
  - the statement of changes in net position, and
  - the statement of budgetary resources.

- Notes to the financial statements provide additional details and context concerning the balances reported in the financial statements.

- The management's discussion and analysis section is where agency leadership provides general background about the agency—including the organizational structure, the missions and activities of our major programs', with their financial and performance results—and identifies factors that may affect the agency's operations. As discussed in the Auditor's Report, it is important to note that this section of the AFR is not audited by the independent auditors to reach any opinion on its accuracy or completeness.

- Other information is where you can find other relevant information about the agency, including the agency's compliance with laws and regulations. This section of the AFR is also not audited by the independent auditors.

Why are Government financial statements different from commercial companies'?

With the unique missions and purposes of Federal agencies, financial reporting focuses on elements such as stewardship over assets, responsibilities for various liabilities, the cost of program activities, and the budgetary control process. Because of these unique operations, there is also a distinct set of accounting standards applicable to Federal Government reporting.

One difference between commercial companies and Federal agencies is that the Federal agencies do not exist to generate profit. In fact, unlike GSA, most Federal activities do not generate revenues to fund program operations, and instead depend upon authorization and appropriation acts to provide the financial resources to operate.

According to GAO, the objectives of Federal financial reports are for agencies to demonstrate their accountability, provide useful information, and help internal users of financial information to improve the Government's management. You should bear in mind that our goal is to demonstrate good financial stewardship over the assets entrusted to us, whereas readers of private industry financial statements may have an interest in investing in a company and want assurances that the information provided is timely, accurate, and can be relied upon to assess their investment value.

Does GSA follow generally accepted accounting principles (GAAP)?

Yes, GSA follows the requirements of GAAP for Federal financial reporting. The Federal Accounting Standards Advisory Board is designated by the American Institute of Certified Public Accountants as the source of GAAP for Federal reporting entities, and issues the accounting standards and principles for the United States Government.

How to read a balance sheet?

The balance sheet shows the agency's assets and liabilities at a fixed point in time. Most of the terms on the balance sheet are familiar to users of financial statements, (e.g., assets, such as accounts receivable, property, and equipment; and liabilities, such as accounts payable and actuarial liability). On a Federal balance sheet, there are a number of unique terms, like "Fund Balance with Treasury" and "Intragovernmental Liabilities." The Fund Balance with Treasury is akin to a bank account balance; the fund balances represent the amount of money in the agency's accounts within the U.S. Treasury that is available to spend for the purposes Congress approved the funds for intragovernmental liabilities result from business activities conducted between two Federal Government entities.

How to read a statement of net cost?

The statement of net cost shows the results of operations for GSA's major business areas. It displays revenues earned during the fiscal year for goods and services provided to customers and subtracts expenses incurred to operate our programs to arrive at net cost. A commercial company would call this type of document an income statement. As a reflection that most Federal programs generate little to no resources on their own, expenses are offset by revenues to determine the net cost for the agency.

What is a statement of changes in net position?

The statement of changes in net position is similar to a statement of changes in equity for a commercial firm. The statement reflects the impact that the sources and uses of resources have on the financial position of each fund. During FY 2020, GSA generated resources from operations (the net revenues or cost from the Statement of Net Cost), received appropriations, used appropriations, and transferred funds or property to (or from) the Treasury and other Federal agencies.

What is a statement of budgetary resources?

The statement of budgetary resources is unique to the Federal Government, displaying the key components of the budgetary control process. The statement shows the various sources of budgetary authority and resources provided to fund agency activities; how much of the total resources were used during the year; and how much was left unspent at the end of the year. Private industry has no similar statement or set of requirements to establish and control budgets in this manner, but there are similarities with budgeting concepts used and reported by U.S. State and local governments.

What are appropriations?

Appropriation means a provision of law (not necessarily in an appropriations act) authorizing the expenditure of funds for a given purpose. This term is often used to describe the amount of money received or approved for the stated purposes. For a more detailed explanation of appropriations and the Federal budget process, you can read OMB's guidance document, Circular A-11 Preparation, Submission and Execution of the Budget.

What are obligations?

In Federal budgeting and financial management, an obligation means a binding agreement that will result in outlays, immediately or in the future. For example, an agency incurs an obligation when it places an order, signs a contract, purchases a service, or takes other actions that require the Government to make payments to the public or from one Government account to another.

What are unobligated balances?

The unobligated balance is the portion of total budget authority provided as financial resources, where no actions have been taken to spend or obligate funding to pay for goods or services, nor bind the Government to pay liabilities. Limitations in laws also create further categorization of unobligated balances into amounts being "available" to spend on new obligations, "unavailable" due to various limitations, or "expired" and no longer available for new obligations.

Congress often provides agencies with funds to obligate or spend in one fiscal year (starting October 1 and ending September 30). These funds are referred to as a one-year appropriation, and the budget authority expires and can no longer be used to incur new obligations after September 30 of the year the appropriation was made.

Congress may also provide agencies with authority to obligate funds over 2 or more years, referred to as multi-year funds, or may not limit the amount of time funding remains available, known as no-year funds.

What are outlays?

An outlay is a payment to liquidate an obligation (other than the repayment of debt principal or other disbursements that are “means of financing” transactions). On the statement of budgetary resources, gross outlays generally are equal to cash disbursements, and net outlays are the sum of gross outlays reduced by cash collections received. Outlays are a primary measure of Government spending.

What are cumulative results of operations?

Cumulative results of operations are a component of net position on balance sheets, and they represent the historical total for a fund—summing revenues, expenses, gains, losses, transfers of assets and liabilities from other agencies, and other financing sources provided to a fund since its inception. It is similar in concept to retained earnings for a commercial firm.

Letter from the Administrator

The U.S General Services Administration (GSA) is required to submit an annual agency financial report (AFR) that outlines GSA's progress towards reliably delivering cost-effective real estate, acquisition, technology and shared services to the Federal departments and agencies it serves.

If this were any other year, I would be focusing on a number of GSA's fiscal year (FY) 2020 successes including:

- Avoiding approximately $1.45 billion in lease costs for customer agencies;
- Consolidating over 99 percent of Federal supply schedule contracts into a single solicitation during the fiscal year;
- Scoring an "A +" rating on the December 2019 and August 2020 Federal Information Technology Acquisition Reform Act (FITARA) Scorecards; and
- Receiving an "A+" rating on the annual Small Business Procurement Scorecard by the Small Business Administration (SBA) for fiscal year 2019, and for the first time ever in FY 2020, the Federal Acquisition Service (FAS) made more than $1 billion in direct awards to small businesses.

However, this year has been unlike any other in our agency's 71 year history, as the United States and the world continues to manage the challenges of a global pandemic. While the agency has been operating in a maximum telework posture since mid-March, GSA has continued to deliver on its mission and four strategic goals, which are:

- Saving taxpayer money through better management of Federal real estate;
- Establishing GSA as the premier provider of efficient and effective acquisition solutions across the Federal Government;
- Improving the way Federal agencies buy, build, and use technology; and
- Designing and delivering expanded shared services within GSA and across the federal government to improve performance and save taxpayer money.

In the beginning of the health pandemic, more than 95 percent of GSA employees seamlessly transitioned to remote work, and our agency successfully adopted innovative tools and platforms to creatively connect with partners, vendors, and colleagues. I want to express great appreciation for our team members who have been on the front-lines during the pandemic, helping to keep our government open and fully functioning; they have my deepest gratitude.

In FY 2020, GSA addressed numerous COVID-19 incidents in GSA owned and leased facilities. In addition, GSA created three websites that were quickly set up for agency partners and American citizens to access important information to receive services and do business with our agency, including; gsa.gov/covid19, digital.gov/coronavirus, and usa.gov/coronavirus. As an active partner in the Government response to combat the health crisis precipitated by COVID-19, GSA assisted our Federal, State and local partners by coordinating with the Department of Homeland Security's Federal Emergency Management Agency, the Department of Health and Human Services' Centers for Disease Control and Prevention, and Administration leadership. GSA also provided direct COVID-19 support to the nation, including:

- Repurposed CenturyLink Field in Seattle to be used as a field hospital, delivered 11,144 hospital cots and beds, and resupplied two United States Navy Hospital Ships (the Mercy and the Comfort) in record time for deployment in Los Angeles, CA and New York City, NY.
- Assisted Centers for Disease Control and Prevention (CDC) INFO's response to an increase of more than 78,000 weekly calls and 26,000 weekly emails since the program declared a surge in call/email volumes in late January 2020. In total, FAS has helped CDC respond to more than 690,000 calls and 200,500 emails since the beginning of the calendar year.
- Procured or delivered over 51 million protective gloves, 41.3 million cleaning wipes, 509,400 masks and face shields, 550,000 gallons of disinfectant and cleaning solutions, 361,000 gallons of hand sanitizer, 208,350 meals ready-to-eat (MREs), 51,100 disposable protective coveralls, 6,550 laptops for agency partners, 87,600 infrared thermometers, and 47 ventilators.
- GSA's Office of Customer and Stakeholder Engagement worked with the Northeast and Caribbean Supply Acquisition Center to provide 50,000 face shields for local healthcare staff at two New York City hospitals, in Flushing and Jamaica, Queens.

FAS's Technology Transformation Services (TTS) has been instrumental in supporting major Government-wide efforts. This team provided timely and authoritative guidance to the public and fellow Federal agencies. Since standing up the usa.gov and usa.gov/espanol coronavirus websites, we have received nearly 4 million unique page views to these pages. At the USAGov contact center, call volume from March through May 2020 surged to over 218,000 inquiries which is nearly double the number of inquiries when compared to March through May 2019. TTS also implemented Interactive Voice Response systems providing automated information in English and Spanish about non-COVID related inquiries during this time which helped ensure timely and consistent information sharing. Login.gov supported the SBA Paycheck Protection Program.

GSA has supported the COVID-19 pandemic response through acquisition. In FY 2020, GSA awarded over 25,000 contract actions in support of the pandemic response, and about 68 percent of those contract actions went to small businesses. Small businesses also received just over 54 percent of the dollars GSA spent in response to COVID-19 during FY 2020.

While we have helped facilitate and support national COVID-19 response efforts, GSA has continued to deliver on its mission to support agency customers, contract workers, and deliver results for stakeholders. In addition to achievements in acquisition and real estate, and achieving top scores on the


EXEMPLARY
Synergy
United
RESILIENT
NCR STRONG
STEADFAST
ALIGNED
INSIGHTFUL
SUPERIOR
DETERMINED !!!
EXTRAORDINARY
RESOURCEFUL
Perseverance
Amazing!
RESOLUTE
INDEFATIGABLE
Function: adjective
capable of working a long
time without tiring
INSPIRING
RED SOX
committed
OCR
WE-GOT-THIS
IMPACTFUL
collaborITive
FOCUSED
VIGILANT
EXCEPTIONAL
TALENTED
Transformative
Grateful
DEDICATED
AGILE

FITARA and Small Business Procurement scorecards, GSA received the Quality Services Management Offices designation for NewPay, and the staff offices continue to improve their performance across the agency. The Office of Human Resources Management, in collaboration with the Office of the Chief Information Officer and Office of Mission Assurance, created a highly effective virtual onboarding process to successfully add new employees to ensure GSA could continue to deliver on our mission.

In the Management Assurances section of the AFR, GSA assessed the effectiveness of internal controls over operations, systems, and reporting. GSA can provide reasonable assurance that internal controls operated effectively in each of these areas throughout the year. The agency's senior management relies on these internal controls to identify material weakness in financial and program performance areas, and to identify corrective actions as required. In accordance with the Reports Consolidation Act of 2000, I've assessed the financial and performance data used in this report and believe them to be complete and reliable. As in FY 2019, GSA does not have any material weaknesses in its internal controls.

More than 71 years after President Harry S. Truman created GSA, we continue to innovate; eliminate senseless duplication, excess cost, and confusion in handling supplies; and provide space across the Federal Government. As we work through the unique challenges currently facing our agency and country, our commitment to GSA's mission has never been more important to the agency customers and American citizens we serve.

Emily W. Murphy

Emily W. Murphy
Administrator
November 13, 2020

On the left: In one word, GSA leaders describe our agency.

How GSA Benefits the Public

The year 2020 has been defined by the impact and challenges associated with the novel coronavirus and the global COVID-19 pandemic. In spite of these challenges, the U.S. General Services Administration (GSA) continued to advance its mission — delivering inventive, cost-effective, and collaborative solutions in real estate, acquisition, technology, and mission support services to the Government while saving the American taxpayer money.

GSA's mission support role means that our work touches the entire Federal Government as well as some State, Tribal, and local governments. GSA's important role in helping other agencies deliver on their missions, required us to quickly adapt our operations so that our partners could continue to provide essential services to the public. Because of GSA's commitment to innovation and agility, and our continued adoption of modern business practices over time, we were able to quickly pivot to maximum telework in March, and have remained a mostly remote workforce ever since — with only about 4 percent of the workforce reporting to facilities on any given day. This has allowed GSA to change internal processes and procedures, meet new, unprecedented business demands, and maintain our commitment to providing better solutions and services for the American people, all of which are guided by our primary goals:

- Saving taxpayer money through better management of Federal real estate;
- Establishing GSA as the premier provider of efficient and effective acquisition solutions across the Federal Government;
- Improving the way Federal agencies buy, build, and use technology; and
- Designing and delivering expanded shared services within GSA and across the Federal Government to improve performance and save taxpayer money.

GSA benefits the public through its leadership in:

- Real Estate
- Acquisition
- Technology Modernization
- Small and Disadvantaged Business Utilization
- Supporting the President's Management Agenda
- Enhancing Customer Experience

Real Estate

Throughout the 50 States, 5 territories, and the District of Columbia, GSA manages the Federal Government's real property inventory. Our real estate portfolio is one of the largest and most diversified in the Nation. We provide oversight of more than 370 million rentable square feet in 8,800 assets, including over 400 historic owned properties.

GSA provides value for the taxpayer by improving how owned and leased space is used and how leases are negotiated. We also provide high-quality facility and workspace solutions to more than 60 Federal agencies, dispose of excess or unneeded Federal properties, and promote the adoption of innovative workplace solutions and technologies.

Moreover, the Public Buildings Services' Lease Cost Avoidance initiative, introduced three years ago, GSA avoided more than $3.5 billion in full-term lease costs from FY 2018 through FY 2020. Furthermore, over 70 percent of the value of the expiring lease portfolio was replaced in FY 2020, an improvement of more than 30 percent over the past three years.

Acquisition

We believe our people, systems, supplies, processes, and technology all work together to drive progress, save money, and help the Nation realize the benefits of our long-term and strategic investments.

GSA leverages the collective buying power of the Federal Government to acquire more than $75 billion in goods and services in support of agency customers. At the same time, GSA's acquisition teams focus on reducing contract duplication, which allows customer agencies to more effectively use their resources to fulfill their missions. For example, category management is a Government-wide initiative, managed by the Office of Management and Budget (OMB) and supported by GSA, which allows the Government to buy smarter by segmenting its spend into groups of related products or services, enabling consolidation and efficiency. Since its 2014 launch, the category management program has saved the Federal Government approximately $40 billion.

Our Federal Marketplace Strategy (FMP) is another facet of our acquisitions strategy and is designed to create a seamless, people-centric buying and selling experience. In support of FMP, GSA consolidated 24 multiple award contract schedules into a single contract vehicle that provides consistent terms and conditions and simplifies the procurement process for buyers (agencies) and sellers (industry).

On October 1, 2019, GSA took a giant step forward in online leasing with the deployment of its Requirement Specific Acquisition Platform (RSAP). The implementation of RSAP aligns with GSA's strategic goals to leverage our purchasing power in the most cost-effective manner and to improve our internal operations through the use of technology. This new platform will save taxpayers money by minimizing the cost of leasing to both the private sector and the Federal Government.

Technology Modernization

GSA operates the IT Modernization Centers of Excellence to help agencies improve the public's experience with Government by obtaining and sharing technology applications, platforms, and processes to make agencies' services more accessible, efficient, and effective.

The Federal Risk and Authorization Management Program (FedRAMP) is another example of how GSA is leading Government-wide technology modernization initiatives. FedRAMP enables the Federal Government to accelerate the adoption of cloud technology by creating transparent security standards and processes for security authorizations that are leveraged on a Government-wide scale.

GSA spearheads other key initiatives including the Enterprise Infrastructure Solutions (EIS) program and cloud.gov. The EIS acquisition vehicle serves as a one-stop shop for Federal agencies to obtain infrastructure modernization for telecommunications and information technology. Through cloud.gov's server infrastructure management, GSA offers a fast way for Federal agencies to host and update websites and other applications thus allowing agencies to focus on developing mission-critical applications.

GSA is also implementing measures to protect citizens' data within the IT solutions we make available to our customer agencies. By implementing comprehensive cybersecurity and supply chain risk management practices, programs, and policies, GSA is working with private sector suppliers to ensure the integrity and security of our Nation's IT infrastructure.

Small and Disadvantaged Business Utilization

GSA has a long-standing commitment to supporting and advising our Nation's small business community. For their benefit, we expanded our outreach to include urgently needed virtual town halls and training seminars, which informed and educated thousands of small businesses about the Federal procurement process and how to engage with the Federal Government. In addition, we support the Forecast of Contracting Opportunities tool (FBF.gov), which is a Nationwide resource providing small business owners access to upcoming Federal contracting opportunities.

Supporting the President's Management Agenda

GSA's internal successes have led to our agency being tapped to co-lead two very important Government-wide initiatives. The first, Cross-Agency Goal 5: Sharing Quality Services, prioritizes the design and delivery of expanded shared services within GSA and across the Federal Government to continue to improve performance and save taxpayer money. GSA was named the Quality Service Management Office for Civilian HR Transaction Services, which includes compensation management, work schedule and leave management. We are currently in the early planning stage of bringing technical expertise and business solutions to the Government that allow our partners to leverage their collective buying power, and drive commonality while ensuring that the momentum comes from agency partners.

GSA has also focused significant efforts to shift time, effort, and funding from low-value to high-value work, in support of Cross-Agency Priority Goal 6: Shifting From Low-Value to High-Value Work. Through the elimination of unnecessary processes, the optimization and streamlining of tasks, and workload automation through robotic process automation (RPA) and the Eliminate, Optimize, Automate (EOA) initiative, GSA has made noteworthy progress. Two years into our RPA journey, we have developed and deployed more than 70 RPA applications across multiple business functions. These applications tackle tasks as diverse as modifying contracts, reconciling leases, and providing status updates to prospective employees and they allow GSA to reclaim more than 240,000 work hours every year. Through EOA, GSA has identified nearly 650,000 hours of workload reduction opportunities and created more than 400,000 hours of capacity across GSA support functions. GSA's strong success supporting agency partners led to the creation of the Federal RPA and Artificial Intelligence communities of practice, which share best practices and lessons learned across Government.

These efforts provide a foundational direction for the Federal Government as a whole, creating an environment that continues to produce cutting-edge tools for the benefit of the American people.

Enhancing Customer Experience

From our earliest days, we have worked to simplify and improve the customer experience, and to ensure Government customer agencies receive access to emerging technologies and innovative offerings as soon as possible.

Through an agency-wide customer experience management platform, we are consolidating related efforts across the agency, reducing duplication, and creating a streamlined experience for feedback providers. Managed by our Office of Customer Experience, the platform makes it easier to collect, access, and analyze customer feedback data, revealing how GSA can better support customers. We will align operations to meet customer needs, thus supporting GSA's mission by helping customers get access to the right resources and services at the right time.

Nearly 100 million times in FY 2020, GSA connected people with trustworthy Government information through USA.gov, the official website for the Federal Government, and its sister site, in Spanish, USA.gov/Espanol.

Since it began almost 50 years ago, USAGov has proven itself as a reliable resource through changing times, offering the Nation official and trusted guidance. Recently, USAGov implemented a bilingual Interactive Voice Response to help as call center inquiries increased more than 60 percent related to COVID-19. The program created self-service options and reduced wait times to speak to an agent and the need for agent assistance.

At all levels, GSA prides itself on providing innovative technology, workplace solutions, and acquisition expertise to meet the evolving needs of its agency customers, stakeholders, and U.S. citizens.

Our passion is delivering effective customer solutions and creating long-term value for the Federal Government. We remain mission-focused and look forward to continuing to deliver value and savings and providing innovative technology, real estate, acquisition, and shared services across the Federal Government.

impactfulcollaborativefocused

vigilantexceptionaltalented

exemplarysynergyunitedresilientstrong

Management's Discussion & Analysis (Unaudited)

resourcefulperserveranceamazing

resoluteindefatigableinspiringcommitted

extraordinaryresourcefulperserverance

amazingresoluteindefatigable

inspiringcommittedimpactful

impactfulcollaborativefocused

superiorunitedresilientstrongsteadfast

vigilantexceptionalexemplary

synergytalentedsteadfast

alignedinsightfulsuperiordetermined

GSA provided 6,550 laptops for agency partners in response to COVID-19

GSA helping federal, state, and local partners meet their missions

Brief Overview of the AFR

The purpose of the U. S. General Services Administration (GSA) fiscal year (FY) 2020 Agency Financial Report (AFR) is to inform the President, Congress, and the American people how GSA used Federal resources in FY 2020 to reliably deliver cost-effective real estate, acquisition, and technology services to the Federal departments and agencies it serves. Providing these services at a good value to our Federal customers allows them to focus their resources on meeting their core missions. GSA chose to produce both an AFR and an Agency Performance Report (APR) for FY 2020 and will post both reports on GSA.gov under Annual Reports.

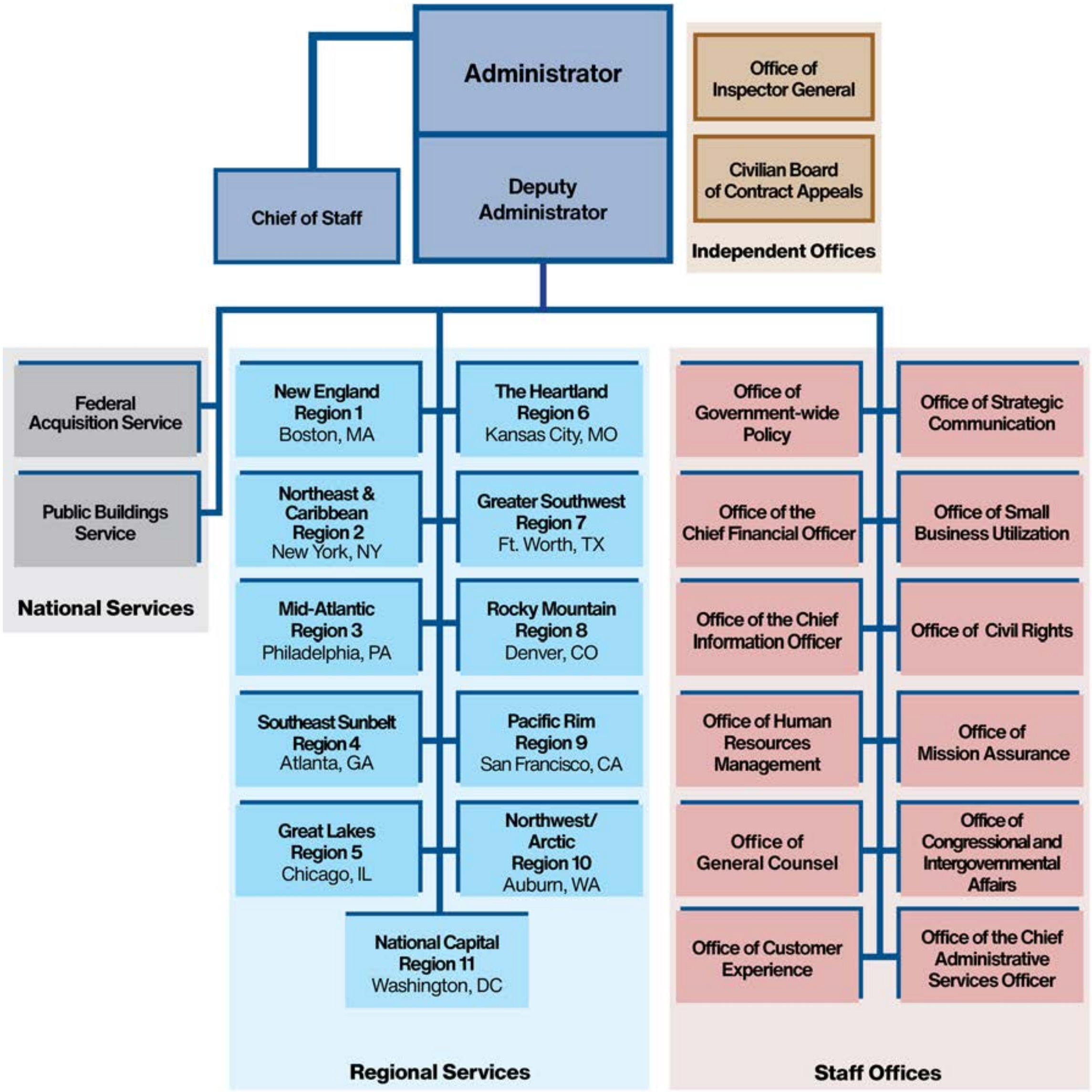
This AFR provides high-level financial and highlighted performance results with assessments of controls, a summary of challenges, and GSA stewardship information. The report is prepared in compliance with various laws applicable to Federal financial reporting and in conformance with implementing guidance issued by the Office of Management and Budget (OMB). The primary laws and guidance include:

- Chief Financial Officers Act of 1990;
- Federal Managers Financial Integrity Act of 1982;
- Federal Financial Management Improvement Act of 1996;
- Government Management Reform Act of 1994;
- Reports Consolidation Act of 2000;
- OMB Circular A-11, Preparation, Submission and Execution of the Budget;
- OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control; and
- OMB Circular No. A-136, Financial Reporting Requirements.

The APR is a detailed report on GSA's progress toward achieving the goals and objectives described in the agency's Strategic Plan and Annual Performance Plan, including progress on the strategic objectives, performance goals, and agency priority goals. The report will be delivered to Congress with GSA's Congressional Budget Justification by February 1, 2021.

Organization

The U. S. General Services Administration (GSA) is composed of the Federal Acquisition Service (FAS), the Public Buildings Service (PBS), 12 Staff Offices, and 2 independent offices and serves and supports more than 60 Federal departments and agencies. Headquartered in Washington, D.C., GSA delivers goods and services to its Federal customers through 11 regional offices.



Federal Acquisition Service

FAS has the unique responsibility of procuring goods and services for a vast array of Federal agencies and State, Tribal, and local governments. FAS maximizes the buying power of the Federal Government by negotiating prices on many products and services required by agencies for their daily operations. Each year, FAS supplies over $75 billion in information technology (IT) products, services, and solutions; telecommunications services; assisted acquisition services; travel and transportation management solutions; motor vehicles and fleet services; and charge card services. FAS has more than 225,000 leased vehicles in its fleet, issues 5.1 million charge cards on average, and provides personal property disposal services for the reuse of $1 billion in surplus property annually. Through its Technology Transformation Services and IT portfolios, FAS is developing and deploying Centers of Excellence. FAS works to improve the public's experience with the Government by obtaining and sharing technology applications, platforms, and processes to make their services more accessible, efficient, and effective.

Public Buildings Service

PBS's activities fall into two broad areas: workspace acquisition and property management. PBS acquires space on behalf of the Federal Government through new construction and leasing, while acting as a caretaker for Federal properties across the country. As the largest public real estate organization in the United States, PBS owns or leases more than 8,800 assets and maintains an inventory of more than 370 million square feet of rentable workspace. Within this inventory, PBS maintains approximately over 400 buildings on the National Register of Historic Places, provides high-quality facility and workspace solutions to more than 50 Federal agencies, disposes of excess or unneeded Federal properties, and promotes adopting innovative workplace solutions and technologies. PBS works with its Federal customers to design the 21st century workplace and reduce overall workspace needs and associated costs.

Staff Offices

The GSA Staff Offices support the enterprise. They ensure GSA is prepared to meet its customers' needs on a day-to-day basis as well as in crises.

Office of Administrative Services (OAS): OAS delivers innovative, responsive, and timely value-added solutions for GSA's administrative, workplace, and information needs in ways that promote integrity, the efficient use of Government resources, and effective risk management.

Office of the Chief Financial Officer (OCFO): OCFO provides enterprise-wide budget, financial management, financial analysis, robotics, performance management, strategic planning and payroll services to GSA business lines and Staff Offices.

Office of the Chief Information Officer (GSA IT): GSA IT provides staff with ever-evolving technology to improve capabilities, productivity, mobility, agility, and cost savings. GSA IT solutions include mission-supporting applications, laptops, mobile devices, collaborative cloud-based software, training, and technical support.

Office of Civil Rights (OCR): OCR administers five programs related to Federal civil rights laws and regulations: Equal Employment Opportunity, Affirmative Employment, Nondiscrimination in Federally Conducted Programs and Activities, Environmental Justice, and Nondiscrimination in Federally Assisted Programs and Activities. OCR also administers the appeals process for administrative grievances that GSA employees file.

Office of Congressional and Intergovernmental Affairs (OCIA): OCIA maintains agency liaison with Congress; prepares and coordinates the GSA annual legislative program; communicates the GSA legislative program to Office of Management and Budget (OMB), Congress, and other interested parties; and works closely with OMB to coordinate and clear all proposed legislation affecting GSA.

Office of Customer Experience (OCE): OCE works with internal clients to enhance relationships with customers, industry partners, and both internal and external stakeholders. OCE improves the end-to-end experience of GSA customers by aligning operations to customer needs. OCE uses human-centered design approaches to promote three key behaviors: conducting representative customer research; synthesizing findings into actionable insights; and making incremental, measurable, and customer-focused improvements.

Office of General Counsel (OGC): OGC provides legal advice and representation to GSA, serves as GSA's designated agency ethics official, and manages the agency's ethics program. OGC also manages GSA-wide claims under the Federal Tort Claims Act.

Office of Government-wide Policy (OGP): OGP uses policies, data, and strategy to drive efficiency and management excellence across the Federal Government for key administrative areas, including travel and transportation, acquisition, fleet management, information technology modernization, and real estate management. OGP helps influence agency behavior in these areas by developing Government-wide policy and performance standards, conducting data analysis and benchmarking, and transparently reporting Government-wide data.

Office of Human Resources Management (OHRM): OHRM delivers comprehensive human resources services and solutions to GSA and its employees. OHRM works with GSA Services and Staff Offices to attract, motivate, develop, retain, and reward employees to maintain and enhance a mission-ready workforce.

Office of Mission Assurance (OMA): OMA ensures resilience and continuity of the agency's critical business processes by integrating and coordinating activities across all domains of security (physical, personnel, and industrial); Homeland Security Presidential Directive-12 (HSPD-12) credentialing; emergency management; and contingency and continuity planning. OMA provides an enterprise-wide approach to mission assurance planning while ensuring GSA facilities, people, and assets are safe and secure nationwide.

Office of Small and Disadvantaged Business Utilization (OSDBU): OSDBU partners with GSA mission-delivery and -support offices to meet and exceed statutory prime and subcontracting small business and socioeconomic small business goals. To achieve this, OSDBU promotes access to GSA's nationwide procurement opportunities, and trains the acquisition workforce and small and disadvantaged businesses.

Office of Strategic Communication (OSC): OSC works with internal clients to build and execute effective communication strategies to meet their business goals. OSC also manages the agency's internal communication channels, media affairs operations, brand and visual design guidelines, and web content and design guidelines.

Other Offices

Office of Inspector General (OIG): OIG is responsible for promoting economy and efficiency. OIG also detects and prevents fraud, waste, and mismanagement in GSA programs and operations.

Civilian Board of Contract Appeals (CBCA): CBCA is an independent tribunal housed within GSA. Its primary responsibility is to adjudicate contract disputes between civilian Federal agencies and contractors under the Contract Disputes Act.

Performance Summary

Mission and Vision

Agency Performance Goals

The U. S. General Services Administration's (GSA) strategic goals are aligned with its four major program areas: real estate, acquisition, technology, and shared services. What follows is an overview of key performance trends and insights for each of the four strategic goals, along with GSA's fiscal year (FY) 2020–2021 Agency Priority Goals. A complete analysis of GSA's performance in FY 2020 will be included in the FY 2020 Annual Performance Report, which will be published in February 2021.

Strategic Goal #1: Real Estate
Save taxpayer money through better management of Federal real estate.

Strategic Objectives:

- Reduce the cost of the Federal inventory of real property.
- Establish GSA as a more cost-effective provider of real estate services for all agencies.

GSA is meeting its targets to negotiate leases below average market rates, reduce energy costs, and deliver capital projects on schedule and on budget. GSA's Lease Cost Avoidance Plan, which was implemented in FY 2018 and focuses on renegotiating longer leases where favorable terms can be obtained, continues to yield favorable results; in FY 2020, aggregate lease costs are 12.6 percent below average market value. GSA also realized a sharp reduction in energy use in FY 2020 that can be attributed to warmer winter temperatures and reduced building occupancy due to COVID-19. GSA continues to surpass expectations for delivering capital projects, with 93 percent of projects currently on schedule and on budget.

GSA will likely miss its performance targets for vacancy rates and operating costs associated with cleaning and maintenance. Vacant space in inventory remains slightly higher than the target of 3 percent, due in part to the Reduce the Footprint and workspace consolidation initiatives, which can result in GSA holding on to vacant space in order to implement longer-term strategic plans with customers. While GSA is slightly above its target, GSA's vacant space rate still compares favorably to the private sector.

Cleaning and maintenance costs fell short of the 80 percent target for staying within market range. GSA is undertaking a nationwide effort to examine the methods and tools used to procure building maintenance and custodial services in order to lower operating costs without affecting service levels to GSA's Federal tenants.

While GSA remains diligent in its efforts to decrease the size of the real estate portfolio, GSA realized an increase of 1.6 million rentable square feet (RSF) in FY 2020. In FY 2020, GSA continued to carry 1.9 million RSF of temporary leased space associated with the 2020 Census. In addition, the Federally owned inventory saw increases from the addition of the Department of Transportation headquarters in Washington DC (1.5 million RSF), the transfer of 11 assets totaling 600 thousand RSF from the Department of State for their National Foreign Affairs Training Center, and the activation of building modernization projects. GSA will continue to work with departments and agencies to improve space utilization and lower their real estate costs.

Table 1 : Highlighted Key Performance Indicators (KPI) for Real Estate

Key Performance Indicators	2018 Results	2019 Results	2020 Results	2020 Target	Status
Lease cost relative to average market rate* ↓	-5.2%	-17.0%	**-12.6%**	**≤-7.0%**	**Achieved**
Percent of capital projects on schedule and on budget	90%	99%	**93%**	**90%**	**Achieved**
Vacant Space in Inventory ↓	3.3%	3.3%	**3.1%**	**3.0%**	**Unmet**
Energy intensity reduction (cumulative from baseline year)	5.41%	5.06%	**10.90%****	**5.31%**	**On Track**
Percent of cleaning and maintenance costs within market range	74%	72%	**74%****	**80%**	**Unmet**

**KPI is aligned to an FY 2020-2021 Agency Priority Goal*
***Third-quarter results (end of June)*
↓ denotes that lower value is the desired direction

FY 2020–2021 Agency Priority Goal 1: Leased Building Operations
Priority Goal Statement: GSA will achieve savings for the taxpayer by negotiating leases below average market rates by engaging in longer lease terms when they allow GSA to obtain more favorable rates and conditions; increasing the use of the force multiplier tools, both the Automated Advanced Acquisition Program and the GSA Leasing Support services contract; and by timely replacing expiring leases.

Summary of Progress: GSA is on a trajectory to realize major cost avoidance for the taxpayer. By improving lease execution practices and partnering with customer agencies to shape the demand for leased space, GSA avoided approximately $3.5 billion in full-term lease costs from FY 2018 through FY 2020, and is on track to exceed its $4.7 billion lease cost avoidance target by FY 2023. As of the end of FY 2020, the aggregated GSA lease costs are 12.6 percent below market lease costs for the year.

Strategic Goal #2: Acquisition
Establish GSA as the premier provider of efficient and effective acquisition solutions across the Federal Government.

Strategic Objectives:

- Design and deliver GSA products and services that yield measurable savings while aligning with customer mission objectives and changing market demand.
- Make it easier to do business with the Government by simplifying processes and streamlining access for our customers and suppliers.
- Enhance customer access to qualified small and socio-economic businesses.

GSA provides efficient and effective acquisition services across the Federal Government. To make doing business with the Federal Government easier, GSA consolidated its Multiple Award Schedule (MAS), which is a long-term Government-wide contract with commercial companies that provides access to millions of commercial products and services at fair and reasonable prices. Since the consolidation began, 99 percent of vendors have transitioned to the consolidated MAS and MAS sales continue to grow. As a result, both supplier satisfaction and customer loyalty scores improved in FY 2020. A strong partnership between Government and the private sector helps ensure that customer agencies have access to a robust market of qualified vendors.

GSA strives to provide customers with widespread access to small business, including economically disadvantaged and women-owned small businesses. GSA's MAS customers continue to work with small businesses at a rate substantially higher than GSA's target of 33 percent. GSA also met its acquisition goals for contract dollars awarded to small businesses and socio-economic businesses through prime contracting. In August 2020, it was announced GSA received an "A+" from the Small Business Administration (SBA) for the FY 2019 Small Business Procurement Scorecard, making it 10 consecutive years that GSA has earned an "A" or "A+" rating. FY 2020 SBA ratings will be published in Spring 2021.

Table 2 : Highlighted Key Performance Indicators for Acquisitions

Key Performance Indicators	2018 Results	2019 Results	2020 Results	2020 Target	Status
Multiple Award Schedule (MAS) Sales (in billions)*	$31.2	$32.0	**$36.6**	**$32.3**	**Achieved**
Percent of vendors transitioned to new consolidated Multiple Award Schedule (MAS)*	n/a	n/a	**99%**	**50%**	**Achieved**
Customer loyalty scores (10-point scale)	7.5	7.6	**7.9**	**7.6**	**Achieved**
Supplier satisfaction score (5-point scale)	3.69	3.65	**3.81**	**3.70**	**Achieved**
Percent of Multiple Award Schedule (MAS) business volume from small businesses	38.4%	38.8%	**37.2%**	**33.0%**	**Achieved**

**KPI is aligned to an FY 2020-2021 Agency Priority Goal*

FY 2020–2021 Agency Priority Goal 2: Multiple Award Schedule Reform – Schedules Consolidation
Priority Goal Statement: As part of GSA's Federal Marketplace strategy to make the Government buying and selling experience easy, efficient, and modern, GSA will consolidate the agency's 24 Multiple Award Schedules (MAS) into one single Schedule for products, services, and solutions by the end of FY 2021 for more than 12,000 vendors. The single Schedule will have consistent terms and conditions that also provide the opportunity for industry to come to market the way the agencies buy.

Summary of Progress: FAS has made substantial progress toward the Agency Priority Goal of consolidating MAS to a single Schedule. Ninety-nine percent of existing vendors have signed the mass modification, effectively transitioning to the new consolidated Schedule. Through this effort, overall MAS sales continue to grow, with $36.6 billion achieved in FY 2020.

Strategic Goal #3: Technology
Improve the way Federal agencies buy, build, and use technology.

Strategic Objectives:

- Lead Government-wide technology modernization initiatives.
- Drive more efficient and innovative Government procurement of technology services.
- Lead implementation of technical standards, policies, and strategies.

GSA is making noteworthy progress in leading Government-wide technology modernization initiatives. The Federal Risk and Authorization Management Program (FedRAMP) is one of GSA's critical technology offerings. FedRAMP-authorized vendors offer cloud services that allow Federal agencies to securely and quickly meet their mission needs. Through FY 2020, GSA exceeded its cumulative performance goal by reaching 193 FedRAMP customer agency system authorizations.

GSA also saw an increase in the percent of major information technology (IT) project spend across the Government with GSA involvement. In FY 2020, GSA was involved in 29 percent, or $2.6 billion, of existing major IT projects where the agency was not previously involved. This represents a meaningful increase from FY 2019 and FY 2018 where 23 percent and 22 percent were respectively achieved.

GSA continues to spearhead other key initiatives, including Enterprise Infrastructure Solutions (EIS), Centers of Excellence (CoEs), and cloud.gov.

- EIS is the $50 billion, 15-year, best-in-class acquisition vehicle that serves as a one-stop shop for infrastructure modernization for telecommunications and IT. EIS services and solutions include: carrier Ethernet, Voice over Internet Protocol (VoIP), unified communications, cloud services, managed security services, wireless and mobility services, software-defined networking, and Internet Protocol 6 (IPV6).
- CoEs are established with partner agencies to accelerate IT modernization across the Government, improve the public experience, and increase operational efficiencies. To accomplish these objectives, the IT CoE centralizes top Government technology talent, leverages private-sector best practices, and operates with a teaming mindset to collaborate across Government departments and agencies. Based on a phased approach, the goal is to build capability and then allow agencies to manage the ongoing effort. In FY 2020, GSA established 21 new CoEs in partnership with organizations such as the Department of Labor, Government Accountability Office, National Institutes of Health, NewPay Program Management Office, GSA Information Technology Category, and the Surface Transportation Board. The CoEs continue to be at the forefront of helping agencies initiate programs into enterprise data analytics and artificial intelligence prototypes.
- Cloud.gov provides agencies with rapid deployment and accelerates the authority to operate assessment for modern web applications. GSA launched the Cloud Information Center to support expanding agency use of cloud solutions and to provide agencies with acquisition guidance, templates, and policy documents to simplify procurement of cloud products and services.

GSA is also providing agencies with information, guidance, and tools that facilitate successful implementation of Federal policy on IT optimization. GSA rapidly supported agencies during the transition to mandatory telework due to COVID-19. GSA's Identity and Trusted Access division provided assistance to Federal agencies to work through the challenges associated with onboarding and expiring Personal Identity Verification credentials in an environment of maximum telework. This assistance included educating executives on technically feasible solutions, making recommendations to the Office of Management and Budget, and coordinating with FAS and service providers to adapt to the new approaches.

Table 3 : Highlighted Key Performance Indicators for Technology

Key Performance Indicators	2018 Results	2019 Results	2020 Results	2020 Target	Status
Number of customer agency systems with FedRAMP authorizations (cumulative)	121	159	**193**	**183**	**Achieved**
Percent of Federal Major IT Project spend with GSA involvement	22%	23%	**29%**	**24%**	**Achieved**
Centers of Excellence (#) (cumulative)	5	14	**35**	**19**	**Achieved**
Centers of Excellence (# of Interagency Agreements signed) (cumulative)	2	5	**17**	**7**	**Achieved**
Number of CFO Act agencies with updated risk assessments completed utilizing Federal Identity , Credential , and Access Management playbooks and tool (cumulative)	n/a	n/a	**6**	**6**	**Achieved**

Strategic Goal #4: Shared Services
Design and deliver expanded shared services within GSA and across the Federal Government to improve performance and save taxpayer money.

Strategic Objectives:

- Develop new organizational capabilities to understand customer demand and deliver integrated offerings to support common business processes Government-wide.
- Promote adoption of shared services by agencies through policy, guidance, and benchmarking.
- Support the overall mission of GSA by investing in our employees and modeling how we deliver internal support services, while providing guidance across Government.

GSA currently provides a substantial number of shared services across Government, such as Assisted Acquisition Services (AAS), EIS, Travel Services, and Fleet Services. AAS and Travel Services (e.g., CityPair, e-Gov Travel Services, and FedRooms) are well established. AAS is a full-spectrum, cradle-to-grave acquisition project and financial management service provider that agencies can use to guide the procurement and acquisition processes for a broad array of services and products. EIS is growing rapidly as a means for agencies to modernize and realize cost efficiencies in their IT and telecommunications infrastructure.

Fleet management represents an opportunity for growth as a GSA-provided shared service. As part of the Agency Reform Plan, and with a strong commitment to fleet efficiency, GSA completed 11 fleet studies to determine if leasing vehicles from GSA is more cost-effective for participating agencies. These studies were conducted during FY 2018 and FY 2019, involving more than 190,000 vehicles owned by other agencies. In FY 2018 and FY 2019, GSA consolidated more than 3,500 agency-owned vehicles into its leased fleet. In FY 2020, GSA has consolidated an additional 1,597 vehicles, exceeding the annual target, even in light of mandatory telework orders in response to the COVID-19 pandemic. GSA will continue to work with interested agencies in removing administrative barriers that may impede progress toward fleet vehicle consolidation.

GSA continues to make progress toward establishing Government-wide standards for mission-support functions following the Federal Integrated Business Framework (FIBF). The FIBF enables the Federal Government to better coordinate and document common business needs across agencies. Business standards are critical to establishing shared solutions and services; once there is cross-agency consensus on standards, the Government can converge on a common solution. In FY 2020, GSA has moved 21 components to the next stage of the FIBF standards development process. With multiple functional areas achieving initial baselines in FY 2020, GSA, in collaboration with the Business Standards Council, focused on agreement on cross-functional, end-to-end business process touchpoints. These help ensure agencies have definitions and organizational buy-in around the connections and hand-offs between functional areas.

The quality of GSA's internal shared services remains strong and has improved employee satisfaction for the third consecutive year (from 5.16 in FY 2018 to 5.49 in FY 2020). GSA's employee satisfaction with the services provided by the agency's administrative functions (IT, Human Resources, Finance, and Acquisition Management) is among the highest for CFO Act agencies and continues to improve each year. FY 2020 accomplishments include earning an "A+" on the Federal Information Technology Acquisition Reform Act scorecard; automating thousands of hours of transactional work in the finance function and across the agency to free up valuable time for higher-value work; improving workforce planning (100 percent of GSA organizations progressed at least one level on the Workforce Planning Maturity Model in FY 2020); and investments in training and technology that allowed GSA to seamlessly transition to a fully virtual workforce when the COVID-19 pandemic began. GSA maintains its position as a resourceful incubator of innovative solutions for shared mission-support services.

Table 4 : Highlighted Key Performance Indicators for Shared Services

Key Performance Indicators	2018 Results	2019 Results	2020 Results	2020 Target	Status
Number of agency-owned (non-GSA) vehicles consolidated by GSA	1,790	1,805	**1,597**	**1,500**	**Achieved**
Effectiveness of administrative functions as measured by employee satisfaction on a scale of 1 to 7	5.16	5.42	**5.49**	**5.27**	**Achieved**
Competition rate for GSA Acquisitions	82.6%	85.4%	**84.2%**	**80%**	**Achieved**
Number of components that have advanced to the next stage of the standards development process as part of the FIBF	5	15	**21**	**12**	**Achieved**
Percent of GSA IT portfolio utilizing cloud technologies	47%	50%	**52.9%**	**52%**	**Achieved**

Financial Statements Summary and Analysis

The financial statements and financial data presented in this report have been prepared from the U.S. General Services Administration (GSA) accounting records in conformity with generally accepted accounting principles (GAAP) as prescribed by the Federal Accounting Standards Advisory Board (FASAB). The Consolidated Statements of Net Cost present the revenues and expenses incurred to provide goods and services to our customers and execute GSA's programs, by major program and activity.

Consolidated Financial Results

GSA Assets

GSA assets primarily include: property and equipment such as Federal buildings, motor vehicles, and office equipment; Fund Balance with Treasury (FBwT); and amounts due to GSA from Federal agencies and non-federal customers, mostly from sales transactions or uncollected rent (Accounts Receivable). In fiscal year (FY) 2020, GSA reported total assets of $46.3 billion compared to FY 2019 total assets of $44.7 billion, representing a net increase of approximately $1.6 billion. Significant changes in assets include an increase in the overall FBwT of $0.8 billion, mainly due to activities in the Federal Buildings Fund (FBF), which saw an increase of $0.6 billion, primarily the result of strong earnings generated by building operations as funding for capital programs, to cover building repairs and alterations (R&A) and new constructions costs. The amounts contributed by earnings exceeded amounts spent on the capital programs which included the $767 million purchase of the Department of Transportation headquarters building in Washington, DC, which had previously been leased. The FBF also received additional funding of $275 million via the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). GSA's accounts receivable from other Federal agencies also rose over $365 million due to increases in business volume in the Acquisition Service Fund (ASF).

GSA Liabilities

GSA liabilities are primarily amounts owed to commercial vendors for goods and services received but not yet paid (Accounts Payable), amounts GSA owes to other Federal entities, and long-term estimates of future environmental remediation costs. In FY 2020, total liabilities were $9.0 billion; a net increase of $0.5 million compared to FY 2019 total liabilities of $8.5 billion. The increase is primarily attributable to the increased business volume in the ASF reflected in increases to ASF accounts payable to non-federal entities of nearly $235 million. A significant change in liabilities for the FBF was an increase in estimates of environmental liabilities of $136 million.

GSA Net Results

GSA reported almost $29.0 billion in revenue during FY 2020 compared to $26.3 billion reported in FY 2019, which were matched by expenses of $28.6 billion and $25.8 billion, respectively. Changes in the FBF and ASF net operating results are discussed further below.

GSA Budget

GSA reported significant increases in spending authority from offsetting collections and obligations in the ASF. Generally this type of spending authority is created by the revenues and customer orders received from Federal agencies and is also referred to as reimbursable spending authority. The primary driver for these increases was business volume in the Assisted Acquisition Services (AAS) portfolio that has experienced $2.2 billion in revenue growth year over year. This revenue growth and related increases in the balance of unfilled orders from customers produced the overall $2.4 billion increase in ASF reimbursable spending authority. The ASF's unobligated balances available from prior year activities also grew significantly in FY 2020, mostly due to cancellation of prior year contracts and orders of over $769 million as well as FY 2019 positive net operating results. In the FBF, reimbursable spending authority from offsetting collections decreased by $184 million. This decrease in reimbursable spending authority was primarily the result of limitations imposed via annual appropriation acts. For the majority of revenues earned, the appropriation acts set caps on the amount authorized to be spent. While actual reimbursable resources from revenues in the FBF grew in FY 2020, the amount made available in appropriation acts to spend these reimbursable resources was almost $429 million lower than the amount authorized in FY 2019. Also in the FBF, the unobligated balances from prior years increased by $387 million, as additional capital project funding was provided in FY 2019 that typically takes several years to execute.

In FY 2020, GSA received $295 million in supplemental appropriations as a part of the CARES Act to prevent, prepare for, and respond to impacts of the coronavirus. The CARES Act provided GSA with no-year funding in three of its fund accounts: the FBF, the Federal Citizen Services Fund (FCSF), and the Working Capital Fund (WCF). The FBF received $275 million and obligated $45 million to provide cleaning and supplies in Federally owned and leased buildings to prevent the spread of coronavirus as well as other operational costs associated with responding to the pandemic. The FCSF received $18 million and obligated $13 million to assist GSA and other agencies to update their IT systems and infrastructure in response to coronavirus and to better allow their employees to work remotely. The WCF received $2 million and obligated $1 million for cleaning supplies, physical space changes, and to develop new internal controls and management reporting in response to the pandemic. GSA will carry over $236 million of unobligated CARES Act funding into FY 2021 to continue addressing impacts of the coronavirus on GSA activities.

Financial Results by Major Fund – Federal Buildings Fund

The FBF is the primary fund established for financial administration of the Public Buildings Service (PBS) activities. PBS provides workplaces for Federal agencies and their employees. FBF resources are primarily generated by rent paid to GSA by other Federal agencies. Operating results are displayed on the Consolidating Statements of Net Cost, segregated into the two primary components of Building Operations – Government Owned, and Building Operations – Leased.

In FY 2020, FBF gross revenue was over $12.2 billion, with over 58 percent of the revenue generated from the top five Federal customer agencies as shown in the table below:

Table 1 . FBF Top 5 Federal Customers *(Dollars in Millions)*

Customers	Revenues ($ in Millions)	% of Total Revenues
U.S. Department of Homeland Security	$2,144	17.6%
U.S. Department of Justice	$2,083	17.1%
Federal Judiciary	$1,220	10.0%
U.S. Social Security Administration	$918	7.6%
U.S. Department of the Treasury	$713	5.9%

FBF Net Revenue from Operations

FBF Net Revenue from Operations represents the amounts remaining after the costs of operating GSA owned and leased buildings are subtracted from revenue. Net Revenue from Operations is used to invest in major repairs and alterations for Federal buildings and to provide funding for the cost of constructing new Federal buildings.

The primary source of revenue into the FBF is rent from our customer agencies and the primary sources of expense are the cost of leasing building space and the cost of operating the GSA portfolio of GSA-owned and -leased buildings. PBS also operates a reimbursable work authorization program, which provides customer agencies with alterations and improvements in GSA space, above what is specified in base rental agreements.

The operating results on the Statements of Net Cost reflect a generally stable condition of the overall real property portfolio, where FBF revenues increased by 2.6 percent between FY 2020 and FY 2019. The FBF reported net revenues in excess of expenses of $436 million in FY 2020 compared to net revenues in excess of expenses of $524 million in FY 2019, representing a decrease of $88 million. The largest single escalation to expenses in FY 2020 is the increase in the recorded asbestos liability estimation. Based on an annual review, the cost factor estimation increased from $8.71 per square foot in FY 2019 to $9.82 per square foot in FY 2020. After factoring in FY 2020 abatement projects completed by PBS, $139 million was added to PBS' liability account balance.

FBF Obligations and Outlays

In the FBF, obligations are primarily the value of contracts awarded to commercial vendors for the construction of new Federal buildings; for repairs and alterations, 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. Obligations incurred in FY 2020 reflect only slight increases in total program activity. The change in Net Outlays reflects a continuing trend of collections from operating revenues exceeding amounts disbursed for operating and capital programs. Both obligations incurred and outlays reflect increases particularly driven by the $767 million purchase of the Department of Transportation headquarters building in Washington, DC during FY 2020. Excluding that purchase, the balance of the obligations incurred and gross outlays in the FBF were down slightly from the previous year.

Table 2. FBF Obligations and Outlays *(Dollars in Millions)*

Customers	2020	2019	Change ($)	Change (%)
New Obligations and Upward Adjustments	$11,706	$11,156	$550	4.9%
Net Outlays from Operating Activity	($316)	($997)	$681	68.3%

Financial Results By Major Fund — Acquisition Services Fund

The ASF is a revolving fund that operates from the reimbursable revenue generated by its business portfolios rather than from an appropriation received from Congress. The operations of the ASF are organized into seven business portfolios: General Supplies and Services; Transportation Travel and Logistics (TTL); Information Technology (IT); AAS; Professional Services and Human Capital; Office of Systems Management; and Technology Transformation Services (TTS). By leveraging the buying power of the Federal Government, the Federal Acquisition Service (FAS) consolidates requirements across multiple agencies and uses its acquisition expertise to acquire goods and services at the best available prices.

In FY 2020, the ASF realized $17.0 billion in revenues with 82 percent of the revenue generated from five Federal customer agencies as shown in the table below:

Table 3. ASF Top Five Federal Customers *(Dollars in Millions)*

Customers	Revenues ($ in Millions)	% of Total Revenues
U.S. Department of Defense	$11,462	67.5%
U.S. Department of Homeland Security	$1,295	7.6%
U.S. Department of Justice	$443	2.6%
U.S. Department of Health and Human Services	$392	2.3%
U.S. Department of Agriculture	$370	2.2%

ASF Net Revenues from Operations

ASF Net Revenue from Operations represents the revenue remaining after deducting the costs of goods and services sold and the cost of operations. Net Revenues from Operations are invested in the GSA Fleet, IT systems, other programs to improve FAS service levels, and to comply with regulatory and statutory requirements. In FY 2020, the ASF reported improved financial results across business portfolios, producing net results of $252 million compared to net results of $220 million in FY 2019. AAS programs have continued to experience significantly increased revenue of 24 percent in the past fiscal year, earning $11.4 billion in FY 2020, as both the volume and dollar magnitude of individual customer orders continues to increase from year-to-year. This increased business volume outpaced the costs necessary to support that business volume and resulted in an increase of $38 million in net operating results compared to FY 2019. Both the Federal Systems Integration and Management Center (FEDSIM) and regional AAS programs experienced substantial growth in business volume during the fiscal year, with FEDSIM's increase responsible for just over half of the AAS growth. In the TTL business portfolio, revenues and expenses, as well as net operating results, have decreased somewhat, primarily due to reduced mileage and use of vehicles in the Fleet Leasing program and delays in the vehicle acquisition and disposal cycle that reduced the volume of vehicle sales. The TTL programs still provided a solid $205 million in the bottom line net results for the fund in FY 2020. Another significant improvement is seen in the IT Category, which improved net results by $48 million compared to FY 2019, reflecting reduced spending on initiatives funded by business reserves in telecommunications programs and increased revenues impacting the bottom line of the IT Services program. Activities categorized as Other Programs of the ASF continued to report losses in FY 2020, particularly driven by investment of resources funded by reserves rather than current revenues in the Integrated Award Environment (IAE) and TTS programs. These Other Programs produced a net loss of $108 million in FY 2020, compared to a loss of $65 million in FY 2019.

ASF Obligations and Outlays

ASF obligations and outlays are primarily driven by contracts awarded to commercial vendors providing goods and services in support of the ASF portfolios. New Obligations and Upward Adjustments increased by almost $3 billion between FY 2020 and FY 2019, due to the large increase in ASF business volumes. Consequently in FY 2020, Gross Outlays from disbursements grew by $2.6 billion and collections from sales increased $2.4 billion, compared to FY 2019. While the disbursements rose somewhat higher than collections, as reflected below in the change in Net Outlays for the year, the total amount of collections continued to exceed Gross Outlays for the fiscal year.

Table 4 . ASF Obligations and Outlays *(Dollars in Millions)*

Customers	2020	2019	Change ($)	Change (%)
New Obligations and Upward Adjustments	$20,516	$17,518	$2,998	17.1%
Net Outlays from Operating Activity	($134)	($304)	$170	(55.9)%

Limitations of Financial Statements

The principal financial statements are prepared to report the financial position and results of operations, pursuant to the requirements of 31 U.S.C. 3515 (b). The statements are prepared from the books and records of GSA in accordance with Federal GAAP and the formats prescribed by OMB. Reports used to monitor and control budgetary resources are prepared from the same books and records. The financial statements should be read with the realization that they are for a component of the U.S. Government

GSA Management Assurances

Statement of Assurance

The U. S. General Services Administration (GSA) management is responsible for managing risks and maintaining effective internal controls to meet the objectives of Sections 2 and 4 of the Federal Managers' Financial Integrity Act. GSA conducted its assessment of risk and internal controls in accordance with the Office of Management and Budget (OMB) Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control. The assessment did not identify any material weaknesses. GSA management can provide reasonable assurance that internal controls over operations, reporting, and compliance were operating effectively as of September 30, 2020.

In fiscal year (FY) 2020, the Office of Inspector General identified internal controls as a management challenge and subsequently cited performance audits as a specific area of concern. GSA dedicated additional resources to remediating audit findings and increased leadership focus on performance audits and the implementation of corrective actions.

As with all Government agencies, GSA has faced significant challenges with the global pandemic. These challenges include maintaining a virus-free working environment in GSA facilities, managing the security risks of a virtual Federal information technology environment, and facilitating employee work-life balance.

GSA has assessed that it is in compliance with Federal financial management standards, as required by the Federal Financial Management Improvement Act of 1996 and OMB Circular A-123 Appendix D. GSA is confident that all systems substantially comply with the Federal accounting standards promulgated by the Federal Accounting Standards Advisory Board, and with the U.S. Standard General Ledger at the transaction level as of September 30, 2020.

Emily W. Murphy
Administrator
November 13, 2020

GSA Management & Internal Control Program

An effective internal control program helps the U. S. General Services Administration (GSA) safeguard Government resources and ensures that the agency efficiently and effectively fulfills its core mission and achieves its strategic goals.

The agency's senior assessment team, the Management Control Oversight Council (MCOC), chaired by the Deputy Administrator, is responsible for establishing governance for GSA's senior managers to provide the leadership and oversight necessary for effective implementation of the agency's Internal Control Program.

GSA evaluates internal controls across the agency at various levels of the organization. GSA management is responsible for establishing goals and objectives around operating environments, ensuring compliance with relevant laws and regulations, and managing both expected and unanticipated events. Employees across the organization are responsible for understanding the controls applicable to their workflows and applying them in accordance with internal control guidance.

In fiscal year (FY) 2020, GSA took a significant step to increase and reinforce internal control compliance. The agency developed and launched a virtual mandatory internal control training for all GSA employees, outlining relevant and applicable Office of Management and Budget (OMB) Circular A-123 standards and best practices. GSA will update training material and require employees to complete the training annually.

Additionally, during this fiscal year, GSA worked to address the Office of Inspector General's (OIG) management challenge related to internal controls. GSA focused on increasing accountability, resolving audit recommendations in a more timely manner, and implementing a more effective system of internal control agency-wide. Specifically, program audit resolution is monitored by senior executives, program managers, and staff through performance dashboards. GSA spent considerable time this fiscal year closing out audit recommendations.

Coronavirus Aid, Relief, and Economic Security Act

On March 27, 2020, the President signed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (P. L.116-136) into law. The legislation provides $326 billion in emergency supplemental appropriations to aid Americans during the coronavirus crisis. In order to ensure GSA is able to prevent, prepare for, and respond to the coronavirus domestically and internationally, GSA received $295 million. GSA allocated the supplemental appropriations to the following funds:

- Federal Buildings Fund (FBF) - $275,000,000
- Working Capital Fund (WCF) - $1,500,000
- Federal Citizen Services Fund (FCSF) - $18,650,000

On the left: A rendering of GSA's San Antonio U.S. Courthouse.

Emergency supplemental appropriations create risks that are higher than normal because the need to provide services quickly can hinder the effectiveness of existing controls and permit additional opportunities for individuals to engage in fraud. The Federal Government requires agencies to mitigate these new risks by establishing internal controls to ensure funds are used for their intended purposes and are accounted for appropriately. In accordance with Federal guidance, including OMB Memorandum M-20-21, Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19), GSA developed a supplemental CARES Act internal control plan that identified and documented the incremental risks and controls for its COVID-19 activities to ensure, among other things, compliance with the Payment Integrity Information Act of 2019. The plan describes the actions GSA has implemented to supplement current controls and additional levels of review built in to ensure accountability to protect against waste, fraud, and abuse.

GSA remains committed to both transparency in spending and contract award, as evidenced by the inclusion of COVID-19 data made available for public view on USASpending.gov. CARES Act and other funds used to perform COVID-19 response activities are tracked and monitored for compliance internally using specific funds and unique project codes.

GSA's Executive Reporting and Management Oversight team provides GSA senior leadership, including the Administrator and Deputy Administrator, with executive-level reporting on COVID-19 activities; tracks program implementation; and assists with cross-program coordination to ensure strategic program cohesiveness. Additionally, each month, an executive report is prepared outlining GSA's response and compliance to COVID-19-related policy and legislative updates as well as financial spend execution of supplemental funding.

Management's Responsibility for Enterprise Risk Management and Internal Controls

Integration with Enterprise Risk

To better understand and anticipate enterprise risk, GSA identifies and prioritizes prospective threats to the organization annually. This includes an effort to integrate and effectively use information developed as part of OMB Circular A-123 internal controls assessments.

In response to the pandemic, GSA proactively conducted an analysis to understand changes to drivers of several key risks. In addition, during FY 2020, GSA conducted a survey of its senior executives to identify the level of concern related to several enterprise risks, highlighting threats and risks to business units and the agency. The results of the survey were shared and discussed with senior leadership and, based on those survey results and follow-up discussions, GSA made adjustments to the annual risk profile and prioritized some risks for additional analysis and planning. Risks are managed throughout the year at the appropriate program level, with certain cross-cutting risks monitored and discussed at the enterprise level through existing governance mechanisms and decision bodies.

Procurement Management Review Function

As part of GSA's internal controls, the Office of Government-wide Policy (OGP) conducts procurement management reviews (PMRs), which serve as an early warning indicator for challenges in the acquisition function.

In FY 2019, the agency incorporated contract administration into the procurement management review process. As a result of agency-wide findings, GSA issued a memorandum dated February 12, 2020, that directed GSA's Heads of Services and Staff Offices to partner with OGP in identifying corrective actions, addressing PMR recommendations, and mitigating agency-wide challenges. This memorandum resulted in the establishment of two national corrective action plans for FY 2020, with a strategic and balanced approach to improving GSA's internal controls environment.

FY 2020 PMRs continue to assess the basic foundational components of the acquisition function — including contract administration — in addition to several special reviews — including electronic contract files — to establish a baseline of agency-wide performance in the areas of data accuracy and completeness within electronic contract files and systems of record. Additionally, GSA will implement PMRs to assess acquisition functions specific to the COVID-19 national public health emergency. OGP will continue to prioritize the aforementioned topics going forward.

Federal Managers' Financial Integrity Act of 1982

The Federal Managers' Financial Integrity Act of 1982 (FMFIA) requires that agencies establish internal controls and financial systems to provide reasonable assurance that the integrity of Federal programs and operations is protected. It also requires the head of the agency to provide an annual assurance statement on whether the agency has met this requirement and whether any material weaknesses exist.

In response to FMFIA, GSA implemented processes to hold senior managers accountable for the performance, productivity, operations, and integrity of their programs. GSA assesses compliance with the Government Accountability Office's (GAO) 5 components and 17 principles of internal control. The results are analyzed to identify internal control issues or concerns. In FY 2020, the assessment was expanded to include an evaluation of activities to resolve audit findings, providing senior managers with a repository to track progress towards timely resolution.

The evaluation results and other information were provided to the MCOC to determine and advise whether there were any material weaknesses in internal control requiring disclosure in the Administrator's Statement of Assurance. For FY 2020, GSA did not identify any material weaknesses or significant deficiencies.

OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, Appendix A and D

OMB Circular A-123, Appendices A and D, require agencies to conduct an annual management assessment of internal control over reporting and financial systems. In FY 2020, the Office of the Chief Financial Officer continued to deploy an extensive annual assessment methodology that assesses risk across key business processes and identifies the related key internal controls over reporting and financial systems.

The Appendix A risk assessment evaluated the results of the FY 2019 financial audit, the FY 2019 evaluation of GAO's 5 components and 17 principles of internal control, recent GAO and OIG audits, and management-identified priorities. The assessment identified the Federal Acquisition Service and the Public Buildings Service (PBS) revenue and receivables, payroll and human capital management, PBS regulated utilities payments, and oversight of additional funding received from COVID-19 legislation as within scope for the FY 2020 assessment.

For Appendix D, the financial system evaluation was based on initial materiality assessments. The systems in scope for this year's assessments included Pegasys (the GSA core financial system of record), the Occupancy Agreement Billing, Payroll Accounting and Reporting, and the Fleet Management System.

Key controls were evaluated for the appropriate design, operational effectiveness, and identified potential risk areas.

GSA's evaluation of Appendices A and D did not identify any material weaknesses in controls or material system nonconformances as of September 30, 2020.

GAO Standards for Internal Control in the Federal Government

GAO requires entities to assess whether their agency's internal controls support 5 components and 17 principles of internal control. GSA understands the 5 components of internal control must be effectively implemented and operating in an integrated manner for an internal control system to be effective.

To ensure cohesion, in FY 2015, GSA created an inventory of policies and procedures designed to support internal controls. These policies and procedures were mapped to the component and principle they support. Each year, GSA reviews new and existing policies and procedures in the inventory and updates the related mapping documentation as necessary. Annual testing is conducted to ensure GSA meets the 5 components and 17 principles of internal control.

Federal Financial Management Improvement Act of 1996

The Federal Financial Management Improvement Act of 1996 was designed to improve Federal financial management and reporting by requiring that financial management systems comply substantially with three requirements:

- Federal financial management system requirements;

- Applicable Federal accounting standards; and
- The U. S. Standard General Ledger (USSGL) at the transaction level.

The act also requires independent auditors to report on agency compliance with the three stated requirements as part of financial statement audit reports. The agency evaluated its financial management systems and has determined they substantially comply with Federal financial management systems requirements, applicable Federal accounting standards, and the USSGL at the transaction level.

Information and Financial Management Systems Framework

The Chief Financial Officers Act assigns responsibilities for planning, developing, maintaining, and integrating financial management systems to Federal agencies. GSA currently maintains e-Payroll applications, portions of its legacy core accounting system, and general support systems, which operate on a variety of hosting platforms to support various feeder applications.

In FY 2019 and FY 2020, GSA continued its progress in financial systems modernization. In FY 2019, GSA completed phase II of a project to move the Visual Invoice Tracking and Payment application, an accounts payable subsystem, to a new platform. The new platform improved GSA's security posture, retired additional components of legacy FoxPro code, satisfied 508 compliance, expanded single sign-on implementation, and enhanced the overall user experience and usability of this mission-critical application. In FY 2020, GSA took steps to transition remaining ancillary financial applications to open source technology. GSA also successfully migrated the Collection Information Repository application to open source technology, and completed two additional applications, Recurring Services Notification Approval Process and Pegasys Vendor Request Management in FY 2020.

GSA has undertaken other activities that improve processes, increase automation, and further consolidate applications in its system architecture. To better secure GSA's data assets, the agency continues to move more applications to the SecureAuth single sign-on solution and integrate two-factor authentication for identity and access management services. In the area of software asset management, GSA continues to mature new tool sets and additional capabilities introduced to help combat fraud and ensure proof of purchase, license, and user agreements.

To protect and secure sensitive building information (Federal tenant data, floor plans, leasing data, and market surveys with competitive rental rates), PBS and the Office of GSA Information Technology (GSA IT) included additional security rigor into contractor requirements in the National Broker Contract. The new contract requires GSA Leasing Support Services brokers to use Government-provided systems and email to store or process all information pertaining to leases. Contractors must also use GSA-provided IT systems and email (currently virtual desktops and GSA-provided Google Accounts) to store, process, or transmit GSA information for all work performed under this contract or have been assessed and granted an authority to operate by GSA IT.

GSA has implemented application programming interface (API) standards to improve the consistency and documentation of public APIs.

Federal Information Security Modernization Act

The Federal Information Security Management Act (FISMA) requires Federal agencies to implement a set of processes and system controls designed to ensure the confidentiality, integrity, and availability of system-related information. The controls in each Federal agency must follow established Federal Information Processing Standards, National Institute of Standards and Technology (NIST) standards, and other legislative requirements pertaining to Federal information systems, such as the Privacy Act of 1974.

To facilitate FISMA compliance, GSA maintains a formal program for information security management that focuses on FISMA requirements and protecting GSA IT resources. This program determines the processes necessary to mitigate new threats and anticipate risks posed by new technologies. The program also follows NIST's cybersecurity framework for making risk-based determinations. Integration of cybersecurity with enterprise risk management has been improved by bringing cybersecurity risks discussion to the Investment Review Board and prioritizing investment decisions that mitigate those risks.

In FY 2019 and FY 2020, GSA meets all FISMA Cross-Agency Priority Goals for cybersecurity and has received a Managing Risk rating across all capability domains and overall for the Risk Management Assessment Scorecard. GSA has also implemented a set of Continuous Diagnostics and Mitigation (CDM) security sensor tools that feed summarized data to a CDM dashboard. The CDM dashboard provides a centralized view of cybersecurity risks across the enterprise and provides leadership with an ability to identify cybersecurity risks and prioritize actions to mitigate or accept risks based on potential effects to the mission of GSA. Other actions taken to mitigate cybersecurity risks at GSA include:

- Implementing information security requirements in accordance with FISMA mandates and GSA policies.
- Addressing weaknesses identified in GSA system-level plans of action and milestones, which are developed to manage the risks associated with all GSA applications.

Providing security and privacy awareness training to more than 17,000 employees and contractors. Developing a continuous diagnostics and mitigation program in accordance with NIST, U.S. Department of Homeland Security, and OMB direction.

Digital Accountability and Transparency Act (DATA Act)

The DATA Act was enacted in 2014, amending the Federal Financial Accountability and Transparency Act of 2006 (FFATA). FFATA requires reporting of obligations and award-related information for all Federal financial assistance and procurement awards. The DATA Act expands upon FFATA by adding

U.S. Department of the Treasury account-level reporting; this includes reporting all Treasury Account Symbols that fund each award and contract transaction, budget authority, program activity, outlays, and budget object classes, among other data elements. The DATA Act also requires the Federal Government to collectively standardize the financial data elements reportable under the act. GSA submitted its monthly DATA Act submissions and certifies the monthly submission quarterly as required. This information is publicly accessible and searchable by the American public to see how tax dollars are spent. Additionally, in its biennial "Audit of the Completeness, Accuracy, Timeliness, and Quality of GSA's 2019 DATA Act Submission" for the first quarter, the OIG found that GSA's financial and award data to be of "higher" quality, the highest grade allowable.

Antideficiency Act

The Antideficiency Act (ADA), Pub.L. 97-258, 96 Stat. 923, prohibits Federal agencies from incurring obligations or expending funds in advance or in excess of an appropriation. The law was initially enacted in 1884, with major amendments occurring in 1950 and 1982. It is now codified at 31 U.S.C. § 1341.

In FY 2019, OMB confirmed an FY 2017 ADA violation related to the Acquisition Services Fund (ASF), and OMB is still in the process of clearing the ADA notification letter for transmission to the President; once this is complete, GSA will share the ADA notification letter with Congress and GAO. In response, GSA implemented a corrective action plan that enhances forecasting capabilities. In addition, OMB amended the FY 2019 ASF apportionment to allow for automatic increases to the apportionment in the event of unanticipated customer orders placed above the apportioned levels, thus eliminating the potential for reoccurrence of a similar ADA.

GSA is also working with OMB to reach a decision for a potential violation of the ADA related to the FCSF identified in FY 2017. The FCSF was used to improve search capability for State and local government websites without reimbursement, potentially in contravention of the fund's authorizing statutes. GSA discontinued these support services in February 2017.

Looking Forward

The U. S. General Services Administration (GSA) is continuously looking for new ways to deliver on its mission to provide value and savings in real estate, acquisition, technology, and other mission-support services across the Government. Using a cross-enterprise perspective, GSA identifies the most complex and interconnected risks to mission execution. This collaborative process empowers agency leaders to strategically allocate resources, allowing the agency to stay ahead of emerging risks.

The COVID-19 pandemic fundamentally altered the global risk landscape and presented GSA with unprecedented challenges. In the midst of a global economic downturn, extensive disruptions to supply chains and travel, and a massive shift to virtual work, GSA senior leaders deftly adapted and responded to these novel organizational risks. With a new sense of its resilience, GSA is committed to building a stronger and more responsive agency and will continue to strengthen its approach to identifying and managing its enterprise risks.

Implementing risk management principles across all functions and programs strengthens GSA's ability to sustain its services in the midst of uncertainty and organizational risks. GSA administered its annual GSA Risk Survey to identify risks to the agency's most critical activities. This survey captured risks that were magnified by the COVID-19 pandemic while also providing senior executives a snapshot of trends that predated this new risk landscape. The resulting feedback and underlying dataset helped refine GSA's Enterprise Risk Profile and identify opportunities for improvement. Using data analytics, GSA will continue to review key risk data to prioritize actions on cross-cutting challenges. Focus areas for FY 2021 enterprise risk management efforts include:

1. **Cybersecurity** - Cybersecurity is one of the most critical aspects of GSA's Information Technology (IT) program. Cyber attacks and security vulnerabilities have the potential to bring down mission-critical systems and IT infrastructure. To mitigate these threats, GSA is focusing beyond compliance on operational security and identifying and managing capability gaps. Continuous monitoring and review are in place to protect GSA's systems from hackers and other cyber attacks.

2. **Human Capital** - GSA consistently ranks as one of the top 10 best places to work among midsize Federal agencies and the GSA human capital organization ranks 2 out of 24 agencies surveyed in the Customer Satisfaction Survey. The technical nature of GSA's work offers unique challenges to recruiting, developing, and retaining top talent. Based on analysis of the human capital risks identified in the 2020 Enterprise Risk Survey, GSA will continue to seek innovative solutions to develop and grow its workforce while identifying opportunities for performance and process improvement across the enterprise.

3. **Legacy Database Technologies** - Reliance on proprietary legacy technologies adversely affects operational flexibility and increases costs for GSA. To reduce the negative effects, GSA is leveraging the Technology Modernization Fund to support a multi-year transformation effort. GSA is shifting from proprietary to open source databases, which will simplify integrations with other

On the left: GSA Central Office in Washington, DC.

systems. This will help applications achieve greater flexibility in their system architecture while improving resilience, scalability, maintainability, and performance.

4. **Federal Building Fund (FBF)** - GSA collects market rents from tenant customer agencies that are deposited into the FBF. GSA uses these funds to operate, maintain, and invest in its real property inventory. However, GSA is dependent upon Congressional approval for annual appropriations and authorizations. GSA's inability to spend at the level of rent collection impedes GSA's ability to allocate resources for critical repairs and improvements across its real estate portfolio, which leads to further deterioration of aging Federal assets. The result is avoidable increased costs due to delayed repairs and missed opportunities to consolidate space. Ensuring full access to the FBF allows GSA to effectively plan for investments in its owned portfolio, supports efforts to decrease the overall size of the leased portfolio, and generates significant savings over the long term.

5. **Supply Chain Risk Management (SCRM)** - GSA, like other Federal agencies, works with a range of suppliers to execute its mission. Over the past decade, Federal guidance and regulation have evolved to prioritize supply chain risk management in line with the increasing threat of exploitation of the Nation's supply chain. This includes guidance such as Section 889 of the 2019 National Defense Authorization Act, which went into full effect this August. GSA's senior executives highlighted in the FY 2020 GSA Risk Survey a strong potential for supply chain disruptions as a result of the COVID-19 pandemic and have worked with partners to mitigate the effect of those disruptions on mission execution. GSA will continue to build out its SCRM capabilities, to include a SCRM Executive Board to both improve capabilities and practices across GSA, as well as continually identify, monitor, and manage future supply chain risks.

Each of the risks described above, if not effectively managed, has the potential to disrupt GSA's ability to meet its objectives and execute its mission. Engaged leadership and an increased willingness to work across business units to manage risk promotes transparency and helps develop a proactive risk and opportunity culture. By identifying an accountable executive for each risk, who has the responsibility for tracking implementation of mitigation plans and strategies, GSA promotes accountability. Ensuring that critical risks are monitored by leveraging qualitative and quantitative information allows GSA to effectively align investments to mitigate key risks and strengthen operations, ultimately maximizing value to customer agencies and taxpayers.

impactful**collaborative**focused

vigilantexceptional**talented**

exemplarysynergy**united**resilient**strong**

Financials

resourceful**perserverance**amazing

resoluteindefatigable**inspiring**committed

extraordinaryresourceful**perserverance**

amazing**resolute**indefatigable

inspiringcommitted**impactful**

impactful**collaborative**focused

superior**united**resilient**strong**steadfast

vigilantexceptional**exemplary**

synergy**talented**steadfast

alignedinsightful**superior**determined

GSA responds to COVID-19 owned and leased properties

GSA helping federal, state, and local partners meet their missions

Letter from the Chief Financial Officer

On behalf of the United States U. S. General Services Administration (GSA), I am pleased to provide the FY 2020 Agency Financial Report (AFR). The AFR represents the culmination of our financial management community's efforts to accurately track and disclose GSA's financial status, and to ensure that the agency continues to act as a good steward of public funds.

I would like to sincerely thank all of GSA's financial management personnel for their dedication, diligence, and excellent work in compiling this report, as well as staff from other offices who partner with the Office of the Chief Financial Officer (OCFO) to assure GSA-wide accountability and transparency.

GSA's mission is unique within the Federal Government, as the agency provides services directly to other agencies, resulting in a high-volume of interagency financial transactions. On an annual basis, GSA processes nearly two million interagency transactions, totaling approximately $30 billion in Federal spending. This requires financial offices to adopt a broader perspective — we need to optimize our internal operations and costs while also planning and executing critical agency-wide functions.

FY 2020 was a year of significant achievement for GSA OCFO across five focus areas:

- Strengthening OCFO operations;
- Enhancing the quality of OCFO deliverables and services;
- Leading audit management and accountability;
- Delivering value-added services to partners, and
- Achieving Government-wide leadership and impact.

Audit and Compliance Activities
In FY 2020, GSA's independent auditors identified no material weaknesses or significant deficiencies in their annual financial audit. In addition, the auditors did not identify any instances in which GSA's financial management systems did not substantially comply with the requirements of the Federal Financial Management Improvement Act of 1996, and there was no reportable non-compliance with provisions of laws tested.

During FY 2020, GSA followed our established procedures for remediation of audit and non-compliance issues. GSA developed a corrective action plan for each FY 2019 audit finding, which was assigned to a senior accountable official. As a result, all control deficiencies identified in FY 2019 were resolved during the year.

Our auditors identified four new control deficiencies in the FY 2020 audit. These included: user certifications related to GSA's Order Management System, approvals for new Product Information

Catalog Service application users, consistency in semi-annual reviews for the Acquisition Services Fund's undelivered orders and unfilled customer orders, and the timely processing of terminated employees.

In addition, during FY 2020, GSA focused on bringing increased executive attention to program audit findings reported by the Office of Inspector General (OIG) and the Government Accountability Office (GAO) by implementing an evaluation and reporting process for OIG and GAO audit findings. This process includes elevating compliance issues to senior executives, assigning ownership at the agency leadership level of each audit finding, holding monthly program audit accountability meetings, and reporting on progress to resolve findings based on the established corrective action plan. The enhanced process includes monitoring compliance through audit dashboards.

OCFO Key Accomplishments

In addition to our work strengthening the agency's financial controls environment and key compliance mechanisms, OCFO also focused on delivering value across the agency through the following critical initiatives: Operations, Quality Deliverables, Audit and Accounability, Value-Add Services and Government-wide Leadership.

OPERATIONS

IMPROVE OCFO OPERATIONAL PERFORMANCE

- Implemented comprehensive performance dashboards to capture operational data and trends on key financial management processes.
- Instituted monthly metrics reviews with OCFO senior leadership teams.
- Achieved 100 percent Service Level Agreements compliance during FY 2020 — indicating OCFO continues to provide excellent service to GSA partners.

QUALITY DELIVERABLES

ENSURE QUALITY OF OCFO SERVICES AND DELIVERABLES

- Led GSA's enterprise risk management function including an assessment of risks magnified by the COVID-19 pandemic.
- Developed comprehensive budget justifications, capturing GSA's overall funding requirements and strategies, and coordinated these needs through the Office of Management and Budget and Congress.
- Facilitated Quarterly Performance Reviews between major business lines and the Administrator, data-driven discussions about organizational performance in meetings its key goals and objectives.
- Developed the Annual Performance Plan and Report for submission to OMB, assessing the Agency's achievement of objectives in support of its strategic goals.
- Recognized by the Association of Government Accountants as Best-In-Class for the Innovative Use of Technology in Mission Delivery (FY 2019).
- Operationalized and deployed the Administrator's Dashboard to assess key performance metrics across the agency.

AUDIT AND ACCOUNTABILITY

FACILITATE AUDIT MANAGEMENT AND ACCOUNTABILITY

- Achieved 14 consecutive years with an unmodified audit opinion on GSA's financial statements.
- Achieved six consecutive years with no reported material weaknesses, and two consecutive years with no reported significant deficiencies.
- Led the GSA senior audit assessment team in oversight of agency internal controls including financial statement audits and program audit findings remediation.
- Developed an internal control evaluation tool to assist the agency in assessing its performance in regards to GAO's Green Book, and OMB Circular A-123.
- Developed Agency internal control training that is mandatory for all GSA employees.

VALUE-ADD SERVICES

DELIVER VALUE-ADD SERVICES FOR GSA PARTNERS

- Justified and secured COVID-19 funding to meet GSA's need to prevent, prepare for, and respond to coronavirus.
- Developed an automated tool to monitor building occupancy during the COVID crisis to provide leadership with immediate data on any employees reporting to GSA Offices.
- Led the implementation of RPA across GSA, achieving 70 total automations (46 developed for customers outside OCFO), totaling over 240,000 hours of additional annualized capacity.
- Initiated agency-wide COVID-19 response tracking tools to monitor cleaning incidents, assess spending against CARES Act funding, and identify costs incurred in COVID-19 response.
- Expanded OCFO's Eliminate, Optimize, and Automate (EOA) initiative to 1,700 Staff Office employees within GSA during FY 2020. This program has netted identification of 650,000 hours of annualized capacity with over 400,000 hours implemented during the performance year.

GOVERNTMENT-WIDE LEADERSHIP

ACHIEVE GOVERNMENT-WIDE IMPACT AND LEADERSHIP

- Assumed co-leadership of the President's Management Agenda, Cross Agency Priority Goal 6, Shifting from Low to High-Value Work.
- EOA is also being piloted within the Department of Education Office of Human Resources and NASA Mission Support Directorate.
- Led the Federal RPA Community of Practice, which has increased to over 1,000 employee members representing more than 65 Federal agencies. Held more than 20 knowledge sharing events and webinars, developed a Federal RPA Use Case Inventory, and developed the first automations available for use Government-wide.
- Published an RPA Program Playbook with best practices and lessons learned for accelerating RPA adoption with over 5,000 downloads to date.

OCFO made significant progress in FY 2020 toward advancing GSA's culture of financial transparency, operational excellence, and value-added service. As a trusted partner with GSA's Services and Staff Offices, OCFO delivered agency-wide impactful workload reduction initiatives, led critical Government-wide priorities, and continuously sought to perfect internal operations.

This was a challenging year for all. GSA OCFO has proven the ability to forge ahead with our goals and overcome obstacles, and I am looking forward to another year of progress. I appreciate the support I receive from staff and leadership. Our GSA OCFO workforce is high-performing, and I continue to be impressed with their dedication and achievements.

Kind regards,

Gerard E. Badorrek
Chief Financial Officer
November 13, 2020

On the right: A rendering of GSA's Columbus Land Port of Entry.

Office of Audits
Office of Inspector General
U.S. General Services Administration

Independent Auditors' Report
U.S. General Services Administration's Financial Statements - Fiscal Years 2020 and 2019
November 13, 2020

U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

November 16, 2020

TO: EMILY W. MURPHY
ADMINISTRATOR (A)

GERARD BADORREK
CHIEF FINANCIAL OFFICER (B)

FROM: CAROL F. OCHOA
INSPECTOR GENERAL (J)

SUBJECT: Independent Auditors' Report
U.S. General Services Administration's
Financial Statements – Fiscal Years 2020 and 2019
November 13, 2020

The Chief Financial Officers Act of 1990 (Public Law 101-576), as amended, requires the U.S. General Services Administration's (GSA's) Inspector General, or an independent external auditor, as determined by the Inspector General, to audit GSA's consolidated financial statements. Under a contract awarded by GSA and monitored by my office, KPMG LLP (KPMG), an independent public accounting firm, audited GSA's consolidated, Acquisition Services Fund, and Federal Buildings Fund financial statements as of September 30, 2020, and 2019. The contract required KPMG to perform the audit in accordance with U.S. generally accepted government auditing standards; the Office of Management and Budget's Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*; and the *U.S. Government Accountability Office Financial Audit Manual*, which is maintained by the U.S. Government Accountability Office and the Council of the Inspectors General on Integrity and Efficiency.

The Fiscal Year 2020 audit resulted in an unmodified opinion on the financial statements. An unmodified opinion means that the financial statements are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles.

In its audit of GSA's Fiscal Years 2020 and 2019 financial statements, KPMG found:

- The consolidated, Acquisition Services Fund, and Federal Buildings Fund financial statements were fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles;
- No material weaknesses or significant deficiencies in internal control over financial reporting;

1800 F Street, NW, Washington, DC 20405-0002
Federal Recycling Program Printed on Recycled Paper

- No instances in which GSA's financial management systems did not substantially comply with the requirements of the Federal Financial Management Improvement Act of 1996; and
- No reportable noncompliance with provisions of laws tested.

Details regarding KPMG's conclusions are included in the "Opinions," "Internal Control over Financial Reporting," and "Compliance and Other Matters" sections of this report. Also, on November 13, 2020, KPMG issued a separate Management Letter to GSA regarding other, less significant matters that came to its attention during the audit.

KPMG is responsible for the attached independent auditors' report and the opinions and conclusions expressed therein. My office is responsible for technical and administrative oversight regarding KPMG's performance under the terms of the contract.

To fulfill our oversight responsibilities under the Inspector General Act of 1978, as amended, to assure that KPMG complied with U.S. generally accepted government auditing standards, we performed a moderate level of review, which included:

- Evaluating the independence, objectivity, and qualifications of the firm and the auditors;
- Reviewing KPMG's audit approach and planning documents;
- Monitoring the progress of the audit at key milestones;
- Performing periodic reviews of KPMG's workpapers;
- Attending key meetings with GSA management and KPMG auditors to discuss audit progress, findings, and recommendations; and
- Performing other procedures that we deemed necessary.

In connection with the contract, we reviewed KPMG's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit of the financial statements in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, opinions on GSA's financial statements, conclusions about the effectiveness of internal control over financial reporting, conclusions on whether GSA's financial management systems substantially complied with the requirements of the Federal Financial Management Improvement Act, or opinions on compliance with laws and other matters. KPMG is responsible for the attached independent auditors' report dated November 13, 2020, and the conclusions expressed therein. However, our review disclosed no instances where KPMG did not comply, in all material respects, with U.S. generally accepted government auditing standards.

I appreciate the courtesies and cooperation your office has extended to KPMG and my staff during the audit. If you have any questions, you may contact me at (202) 501-0450. If your staff needs any additional information, they may also contact R. Nicholas Goco, Assistant Inspector General for Auditing, at (202) 501-2322.

Attachment

KPMG

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

Administrator and Inspector General
United States General Services Administration:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the U.S. General Services Administration (GSA), which comprise the consolidated balance sheets as of September 30, 2020 and 2019, and the related consolidated statements of net cost and changes in net position, and combined statements of budgetary resources for the years then ended, and the related notes to the consolidated financial statements (hereinafter referred to as "consolidated financial statements").

We have also audited the accompanying financial statements of the Acquisition Services Fund (ASF), which comprise the balance sheets as of September 30, 2020 and 2019, and the related statements of net cost and changes in net position, and combined statements of budgetary resources for the years then ended (presented in Schedules 1-4), and the related notes to the ASF financial statements.

We have also audited the accompanying financial statements of the Federal Buildings Fund (FBF), which comprise the balance sheets as of September 30, 2020 and 2019, and the related statements of net cost and changes in net position, and combined statements of budgetary resources for the years then ended (presented in Schedules 1-4), and the related notes to the FBF financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated, ASF, and FBF financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated, ASF, and FBF financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated, ASF, and FBF financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, in accordance with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in accordance with Office of Management and Budget (OMB) Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 19-03 require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated, ASF, and FBF financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated, ASF, and FBF financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated, ASF, and FBF financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated, ASF, and FBF financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express

KPMG

no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated, ASF, and FBF financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the U.S. General Services Administration as of September 30, 2020 and 2019, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

In our opinion, the ASF financial statements referred to above present fairly, in all material respects, the financial position of the Acquisition Services Fund as of September 30, 2020 and 2019, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

In our opinion, the FBF financial statements referred to above present fairly, in all material respects, the financial position of the Federal Buildings Fund as of September 30, 2020 and 2019, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Interactive Data

Management has elected to reference to information on websites or other forms of interactive data outside the GSA's 2020 *Agency Financial Report* to provide additional information for the users of its financial statements. Such information is not a required part of the basic consolidated, ASF, and FBF financial statements or supplementary information required by the Federal Accounting Standards Advisory Board. The information on these websites or the other interactive data has not been subjected to any of our auditing procedures, and accordingly we do not express an opinion or provide any assurance on it.

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis and Required Supplementary Information sections referenced in the Table of Contents be presented to supplement the basic consolidated, ASF, and FBF financial statements. Such information, although not a part of the basic consolidated, ASF, and FBF financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic consolidated, ASF, and FBF financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated, ASF, and FBF financial statements, and other knowledge we obtained during our audits of the basic consolidated, ASF, and FBF financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audits were conducted for the purpose of forming opinions on the basic consolidated financial statements as a whole, ASF financial statements as a whole, and FBF financial statements as a whole. The information in the Other Funds and Intra-GSA Eliminations sections in the consolidating and combining financial statements in Schedules 1 through 4 (herein referred to as "consolidating information"), the About this Report, the Table of Contents, Frequently Asked Questions, Letter from the Administrator, How GSA Benefits the Public, Letter from the Chief Financial Officer, Inspector General's Transmittal of the Independent Auditors' Report, and Other Information sections of GSA's 2020 *Agency Financial Report* is presented for purposes of additional analysis and is not a required part of the basic consolidated, ASF, and FBF financial statements.

The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the basic consolidated financial statements as a whole.

The information in the About this Report, the Table of Contents, Frequently Asked Questions, Letter from the Administrator, How GSA Benefits the Public, Letter from the Chief Financial Officer, Inspector General's Transmittal of the Independent Auditors' Report, and Other Information sections of GSA's 2020 *Agency Financial Report* has not been subjected to the auditing procedures applied in the audits of the basic consolidated, ASF, and FBF financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

Internal Control over Financial Reporting

In planning and performing our audits of the consolidated, ASF, and FBF financial statements as of and for the year ended September 30, 2020, we considered GSA's, ASF's, and FBF's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated, ASF, and FBF financial statements, but not for the purpose of expressing an opinion on the effectiveness of GSA's, ASF's, and FBF's internal control. Accordingly, we do not express an opinion on the effectiveness of GSA's, ASF's, and FBF's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

KPMG

Compliance and Other Matters

As part of obtaining reasonable assurance about whether GSA's consolidated, ASF's and FBF's financial statements as of and for the year ended September 30, 2020 are free from material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 19-03.

We also performed tests of GSA's compliance with certain provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA). Providing an opinion on compliance with FFMIA was not an objective of our audit of the consolidated financial statements, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances in which GSA's financial management systems did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* section is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GSA's, ASF's, and FBF's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, DC
November 13, 2020

4

Consolidated Financial Statements

U.S. General Services Administration

Consolidated Balance Sheets

As of September 30, 2020, and September 30, 2019

(Dollars in Millions)

	2020	2019
ASSETS		
Intragovernmental Assets:		
Fund Balance with Treasury (Notes 1-D, 2)	**$14,643**	$13,875
Accounts Receivable - Federal, Net (Note 4)	**3,852**	3,487
Capital Lease Payments Receivable (Note 8)	**29**	38
Unamortized Deferred Charges and Prepayments	**96**	109
Prepaid Expenses and Advances - Federal	**90**	122
Total Intragovernmental Assets	**18,710**	17,631
Accounts Receivable - Non-Federal, Net (Note 4)	**125**	125
Other Assets (Note 5)	**75**	73
Property and Equipment: (Notes 1-E, 6)		
Buildings	**51,205**	49,136
Leasehold Improvements	**234**	290
Motor Vehicles	**6,474**	6,200
Equipment and Other Property	**305**	503
Less: Accumulated Depreciation and Amortization	**(34,170)**	(32,398)
Subtotal	**24,048**	23,731
Land	**1,867**	1,719
Construction in Process and Software in Development	**1,446**	1,402
Total Property and Equipment, Net	**27,361**	26,852
TOTAL ASSETS	**$46,271**	$44,681
LIABILITIES AND NET POSITION		
Intragovernmental Liabilities:		
Accounts Payable and Accrued Expenses - Federal	**$55**	$27
Judgment Fund Liability	**524**	507
Deferred Revenues and Advances - Federal	**644**	704
Amounts Owed to the General Fund	**38**	16
Other Intragovernmental Liabilities (Note 9)	**57**	55
Total Intragovernmental Liabilities	**1,318**	1,309
Accounts Payable and Accrued Expenses - Non-Federal	**4,054**	3,810
Environmental and Disposal Liabilities (Notes 6, 10-B)	**1,960**	1,786
Capital Lease and Installment Purchase Liability	**694**	711
Unamortized Rent Abatement Liability	**559**	521
Workers' Compensation Actuarial Liability (Note 7)	**123**	116
Annual Leave Liability (Note 1-F)	**135**	113
Deposit Fund Liability	**27**	19
Other Liabilities (Note 9)	**96**	88
Total Liabilities (Note 11)	**8,966**	8,473
Net Position:		
Unexpended Appropriations	**933**	680
Cumulative Results of Operations (Note 14)	**36,372**	35,528
Total Net Position	**37,305**	36,208
TOTAL LIABILITIES AND NET POSITION	**$46,271**	$44,681

The accompanying notes are an integral part of these statements.

U.S. General Services Administration

Consolidated Statements of Net Cost

For the Fiscal Years Ended September 30, 2020, and September 30, 2019

(Dollars in Millions)

		2020	2019
Manage Building Operations	Earned Revenues	**$12,099**	$11,785
	Less: Operating Expenses	**11,646**	11,241
	Net Revenues from Operations	**453**	544
Provide Acquisition Services	Earned Revenues	**16,811**	14,474
	Less: Operating Expenses	**16,545**	14,237
	Net Revenues from Operations	**266**	237
Working Capital and General Programs	Earned Revenues	**55**	44
	Less: Operating Expenses	**390**	289
	Net Costs of Operations	**(335)**	(245)
GSA Consolidated Net Results	Earned Revenues	**28,965**	26,303
	Less: Operating Expenses	**28,581**	25,767
	Net Revenues from Operations	**$384**	$536

The accompanying notes are an integral part of these statements.

U.S. General Services Administration

Consolidated Statements of Changes in Net Position

For the Fiscal Years Ended September 30, 2020, and September 30, 2019

(Dollars in Millions)

	2020	2019
BEGINNING BALANCE OF NET POSITION:		
Unexpended Appropriations	**$680**	$429
Cumulative Results of Operations	**35,528**	34,487
Net Position Beginning Balance	**36,208**	34,916
CHANGES IN UNEXPENDED APPROPRIATIONS:		
Appropriations Received	**581**	390
Appropriations Used	**(319)**	(258)
Appropriations Adjustments and Transfers		
(To) From Other Agencies or Funds	**(9)**	119
Net Change in Unexpended Appropriations	**253**	251
RESULTS OF OPERATIONS:		
Net Revenues From Operations	**384**	536
Appropriations Used (Note 1-C)	**319**	258
Non-Exchange Revenue (Notes 1-C, 1-D)	**79**	71
Imputed Financing Provided By Others	**96**	201
Transfers of Financing Sources		
(To) From the U.S. Treasury	**(78)**	(18)
Transfers of Net Assets and Liabilities		
(To) From Other Federal Agencies	**46**	14
Other	**(2)**	(21)
Net Results of Operations	**844**	1,041
ENDING BALANCE OF NET POSITION:		
Unexpended Appropriations	**933**	680
Cumulative Results of Operations	**36,372**	35,528
Net Position Ending Balance	**$37,305**	$36,208

The accompanying notes are an integral part of these statements.

U.S. General Services Administration

Combined Statements of Budgetary Resources

For the Fiscal Years Ended September 30, 2020, and September 30, 2019

(Dollars in Millions)

	2020	2019
BUDGETARY RESOURCES		
Unobligated Balance from Prior Year Budget Authority, Net (Note 13)	**$8,022**	$6,927
Appropriations	**608**	532
Spending Authority from Offsetting Collections	**31,676**	29,401
Total Budgetary Resources	**40,306**	36,860
STATUS OF BUDGETARY RESOURCES		
New Obligations and Upward Adjustments	**33,275**	29,696
Unobligated Balance, End of Period		
Apportioned, Unexpired Accounts	**5,779**	6,051
Unapportioned, Unexpired Accounts	**1,205**	1,060
Unexpired Unobligated Balance, End of Period	**6,984**	7,111
Expired Unobligated balance, End of Period	**47**	53
Unobligated Balance, End of Period, Total	**7,031**	7,164
Total Status of Budgetary Resources	**40,306**	36,860
OUTLAYS, NET		
Net Outlays from Operating Activity	**(198)**	(1,054)
Distributed Offsetting Receipts	**(67)**	(38)
Total Net Outlays	**($265)**	($1,092)

The accompanying notes are an integral part of these statements.

Notes to the Financial Statements

(For the Fiscal Years Ended September 30, 2020, and September 30, 2019)

The U. S. General Services Administration (GSA) was created by the Federal Property and Administrative Services Act of 1949, as amended. Congress enacted this legislation to provide the Federal Government an economic and efficient system for the procurement and supply of personal property and non-personal services, the utilization of available property, the disposal of surplus property and records management.

The Administrator of GSA, appointed by the President of the United States with the advice and consent of the U.S. Senate, oversees the operations of GSA. GSA carries out its responsibilities through the use of both annual appropriations and revolving funds.

1. Significant Accounting Policies

A. Reporting Entity

GSA presents comparative consolidated and consolidating balance sheets, consolidated and consolidating statements of net cost, consolidated and consolidating statements of changes in net position, and combined and combining statements of budgetary resources. The consolidating and combining formats display GSA's two largest components, the Federal Building Fund (FBF) and the Acquisition Services Fund (ASF). All other entities are combined under Other Funds.

The FBF is the primary fund used to record the activities of Public Buildings Service (PBS). The ASF is the primary fund used to record the activities of Federal Acquisition Service (FAS).

In accordance with the Federal Accounting Standards Advisory Board's (FASAB) Statement of Federal Financial Accounting Standards (SFFAS) 47*, Reporting Entity* requirement to report disclosure entities and related parties, GSA conducted a thorough review of all non-federal relationships across all business lines and concluded that there are no relationships requiring disclosure as a consolidation entity, disclosure entity, or related party entity.

GSA's accompanying financial statements include the accounts of all funds that have been established and maintained to account for resources under the control of GSA management. The entities included in the Other Funds category are described below, together with a discussion of the different fund types.

Revolving Funds are accounts established by law to finance a continuing cycle of operations with receipts derived from such operations usually available in their entirety for use by the fund without further action by Congress. Both the FBF and the ASF are large revolving funds. The revolving funds in the Other Funds category consist of the following:

- Federal Citizen Services Fund (FCSF)
- Working Capital Fund (WCF)

General Funds are accounts used to record financial transactions arising under congressional appropriations or other authorizations to spend general revenues. GSA manages 19 General Funds. Six of these General Funds are funded by 1-year appropriations; six by no-year appropriations; two by multi-year appropriations; and five are budget clearing accounts that temporarily hold collections until a more appropriate fund can be determined. The General Funds included in the Other Funds category are as follows:

- Allowances and Office Staff for Former Presidents
- Budget Clearing Account - Broker Rebates
- Budget Clearing Account – Proceeds of Sales, Personal Property
- Budget Clearing Account – Real Property
- Budget Clearing Account – Suspense
- Budget Clearing Account – Undistributed Intragovernmental Payments
- Civilian Board of Contract Appeals
- Data Driven Innovation – Executive Office of the President (EOP) Child
- Excess and Surplus Real and Related Personal Property Holding Account
- Expenses, Government-wide Policy
- Expenses, Government-wide Policy – Multi-Year
- Expenses, Presidential Transition
- Pre-election Presidential Transition
- Information Technology Oversight and Reform - EOP Child
- Expenses, OIG
- OIG – No-Year
- Operating Expenses, GSA
- Real Property Relocation
- Technology Modernization Fund (TMF)

Special and Trust Funds are accounts established for receipts dedicated by law for a specific purpose, but are not generated by a cycle of operations for which there is continuing authority to reuse such receipts. In accordance with FASAB SFFAS 43*, Funds from Dedicated Collections: Amending Statement of Federal Financial Accounting Standards 27*, Identifying and Reporting Earmarked Funds, these special and trust funds are classified as funds from dedicated collections. GSA uses special fund receipts to pay certain costs associated with the disposal of surplus real property, for funding of the Transportation Audits program, and to fund the Acquisition Workforce Training program. GSA has one trust fund with authority to accept unconditional gifts of property in aid of any project or function within its jurisdiction. GSA's special and trust funds consist of the following:

- Asset Proceeds and Space Management Fund[1]
- Environmental Review Improvement Fund[1,2]

1 Fund, to date, has yet to receive any funds from dedicated collections.
2 Management of the Environmental Review Improvement Fund was transferred out of GSA. The Agency still has an obligation to report residual balances to the Treasury.

- Expenses, Disposal of Surplus Real and Related Personal Property
- Expenses, Transportation Audit Contracts and Contract Administration
- Expenses, Acquisition Workforce Training Fund
- Other Receipts, Surplus Real and Related Personal Property
- Receipts of Rent, Leases and Lease Payments for Government-Owned Real Property
- Receipts, Transportation Audit Contracts and Contract Administration
- Receipts, Acquisition Workforce Training Fund
- Transfers of Surplus Real and Related Personal Property Receipts
- Unconditional Gifts of Real, Personal, or Other Property

Miscellaneous Receipt and Deposit Funds are considered non-entity accounts since GSA management does not exercise control over how the monies in these accounts can be used. Miscellaneous receipt fund accounts hold receipts and accounts receivable resulting from miscellaneous activities of GSA where, by law, such monies may not be deposited into funds under GSA management control. The U.S. Department of the Treasury automatically transfers all cash balances in these receipt accounts to the general fund of the U.S. Treasury at the end of each fiscal year. Deposit fund accounts hold monies outside the budget. Accordingly, their transactions do not affect budget surplus or deficit.

These accounts include:

- Deposits received for which GSA is acting as an agent or custodian
- Unidentified remittances
- Monies withheld from payments for goods and services received, and
- Monies whose distribution awaits a legal determination or investigation.

The receipt and deposit funds in the Other Funds category consist of the following:

- Advances Without Orders from Non-Federal Sources
- GSA Child Care Deposits
- Fines, Penalties, and Forfeitures, Not Otherwise Classified
- Forfeitures of Unclaimed Money and Property
- General Fund Proprietary Interest, Not Otherwise Classified
- General Fund Proprietary Receipts, Not Otherwise Classified, All Other
- Other Earnings from Business Operations and Intragovernmental Revolving Funds
- Proceeds from Sale of Surplus Property
- Small Escrow Amounts
- Special and Trust Fund Proprietary Receipts Returned to the General Fund of the U.S. Treasury
- Withheld State and Local Taxes

GSA is able to delegate authority for certain programs and financial operations to other Federal agencies to execute on GSA's behalf. Unique sub-accounts, also known as allocation accounts (child), of GSA funds (parent) are created in the U.S. Treasury to provide for the reporting of obligations and outlays incurred by such other agencies.

All child allocation account financial activity is reportable in combination with the results of the parent fund, from which the underlying legislative authority, appropriations, and budget apportionments are derived.

In addition, other agencies may delegate certain programs and financial operations to GSA to execute on their behalf. The GSA Data Driven Innovation Fund was established in FY 2015 as a child account to the EOP Data Driven Innovation Fund. The amount transferred to this child account supports an initiative to increase tax filings by potentially eligible Earned Income Tax Credit claimants. In accordance with Office of Management and Budget (OMB) Circular No. A-136, Financial Reporting Requirements, agencies that receive allocation transfers from the EOP are to include such balances in their financial statements.

B. Basis of Accounting and Presentation

The principal financial statements are prepared from the books and records of GSA, in accordance with generally accepted accounting principles (GAAP) as promulgated by the Federal Accounting Standards Advisory Board (FASAB), and OMB Circular No. A-136, in all material respects. *FASAB* SFFAS 34*, The Hierarchy of Generally Accepted Accounting Principles*, including the Application of Standards Issued by the Financial Accounting Standards Board, established the hierarchy of GAAP for Federal financial statements. The Consolidated Balance Sheets present the financial position of GSA using a format segregating intragovernmental balances. The Consolidated Statements of Net Cost present the operating results of the FBF, ASF, and Other Fund functions, as well as GSA consolidated operating results as a whole. The Consolidated Statements of Changes in Net Position display the changes in Cumulative Results of Operations and Unexpended Appropriations. The Combined Statements of Budgetary Resources (CSBR) present the sources, status, and uses of GSA budgetary resources.

Transactions are recorded on both an accrual and budgetary basis. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when incurred without regard to receipt or payment of cash. Budgetary accounting principles, on the other hand, are designed to facilitate compliance with legal requirements and controls over the use of Federal funds.

GSA reconciles all intragovernmental fiduciary transaction activity and works with agency partners to reduce significant or material differences reported by other agencies in conformance with U.S. Treasury's Federal Entity Reporting Requirements for the Financial Report of the United States Government and requirements of OMB Circular No. A-136. On the Consolidated Balance Sheets, Consolidated Statements of Changes in Net Cost, and Consolidated Statements of Changed in Net Position, all significant intra-agency balances and transactions are eliminated in consolidation. On the

Consolidated Statements of Net Cost, adjustments are applied to eliminate GSA's intra-fund revenues and expenses. No such eliminations have been made on the CSBR.

On the Consolidating Statements of Net Cost, intra-GSA eliminations of revenue and expenses are displayed separately, and results displayed as FBF, ASF, and Other Funds reflect the full amounts of such balances that flowed through those funds. Certain amounts of expenses eliminated on the Consolidating Statements of Net Cost are imputed costs for which the matching resource is not revenue on this statement, but imputed resources provided by others, displayed on the Consolidating Statements of Changes in Net Position. Accordingly, on the Consolidating Statements of Net Cost, the revenue and expense eliminations do not match. The Consolidating Statements of Changes in Net Position display the offsetting balances between these categories.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Operating expenses and related accounts payable accruals and estimates are recorded in the period goods or services are received.

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

C. Revenue Recognition and Appropriations Used

Substantially all revenues reported by GSA funds on the Consolidated Statements of Net Cost are generated from intragovernmental sales of goods and services, with only 3 percent of revenues earned from non-federal customers for the years ended September 30, 2020, and 2019. Expenses are primarily incurred with non-federal entities supplying the underlying goods and services being provided to GSA and its Federal customers. Each revolving fund has established rate-setting processes governed by the laws authorizing its activities. In most cases, the rates charged are intended to cover the full cost that GSA funds will pay for such goods and services and to provide capital maintenance. In accordance with the governing laws, rates are generally not designed to recover imputed costs not borne by GSA, but covered by other funds or entities of the U.S. Government, such as for post-employment and other inter-entity costs. As the amount of services provided to non-federal customers is generally insignificant, maintaining separate rate structures for these customers to recover imputed costs is not warranted.

Generally, revolving fund and reimbursable general fund revenue is recognized when goods have been delivered or services rendered.

In the FBF, rent revenues are earned based on occupancy agreements (OA) with customers, as space and services are provided. Generally, agencies housed in Government-owned buildings are billed based upon commercial rates for comparable space. Agencies housed in buildings leased by GSA are generally billed at rates to recover the cost of that space. In some instances, special rates are arranged in accordance with congressional guidance or other authorized purposes. Most agencies using funding from Trust Funds have rent rates set to recover full cost. For revenue under non-recurring reimbursable building repairs and alterations (R&A) projects, GSA charges customers actual cost and, as a result, revenues are generally earned to match costs incurred.

In the ASF, General Supplies and Services (GS&S) revenues are recognized when goods are provided to customers. In the Travel, Transportation and Logistics portfolio, vehicle acquisition revenues are recognized when goods are provided. Vehicle leasing revenues are recognized based on rental arrangements over the period vehicles are dispatched. Assisted Acquisition Services revenues are recognized when goods or services are provided, and fee revenues in the GSA Schedules programs are earned based on estimated and actual usage of GSA contracting vehicles by other agencies. The Schedules programs generated $219 million in fees, constituting 1 percent of ASF revenues in FY 2020, and $202 million in fees, constituting 1 percent of ASF revenues, in FY 2019. Information Technology revenues are earned when goods or services are provided or as reimbursable project costs are incurred. Telecommunications service revenues are generally recognized based on customer usage or on fixed line rates.

The Working Capital Fund charges fees based on a fee schedule established through an annual rate-setting process performed collaboratively with customers. The rate-setting process is generally designed to provide revenues sufficient to match the spending that will be incurred for the goods, services, and resources provided to customers and also provides information to customers to assist in their resource management.

Non-Exchange Revenues are recognized on an accrual basis on the Consolidated Statements of Changes in Net Position for sales of surplus real property, reimbursements due from the audit of payments to transportation carriers, and other miscellaneous items resulting from GSA operations where ultimate collections must be deposited in miscellaneous receipt accounts of the U.S. Treasury.

Appropriations for General Fund activities are recorded as a financing source on the Consolidated Statements of Changes in Net Position when expended. Unexpended appropriations are reported as an element of Net Position on the Consolidated Balance Sheets.

D. Fund Balance with Treasury (See Note 2)

This total represents all unexpended balances for GSA accounts with the U.S Treasury. Substantially all balances of FBwT are available to GSA management to execute the authorities provided by its funds. In the following instances, authorities limit use of collections to dedicated purposes.

GSA acts as a disposal agent for surplus Federal real and personal property. In some cases, public law entitles the owning agency to the sales proceeds, net of disposal expenses incurred by GSA. Proceeds from the disposal of equipment are generally retained by GSA to replace equipment. Under GSA legislative authorities, the gross proceeds from some sales are deposited in GSA Special Fund receipt accounts and recorded as Non-Exchange Revenues in the Consolidated Statements of Changes in Net Position. A portion of these proceeds is subsequently transferred to a Special Fund to finance expenses incurred in disposing of surplus real property. The remainder is periodically accumulated and transferred, by law, to the Land and Water Conservation Fund, which is administered by the U.S. Department of the Interior (DOI).

E. Property and Equipment (See Note 6)
Generally, property and equipment purchases of $10,000 or more, having a useful life of 2 or more years, are capitalized and valued at cost. Property and equipment transferred to GSA from other Federal agencies on the date GSA was established is stated at the transfer value, which approximates historical cost. Subsequent thereto, equipment transferred to GSA is stated at net book value and surplus real and related personal property transferred to GSA is stated at the lower of net book value or appraised value.

Expenditures for major additions, replacements and alterations to real property of $50,000 or more are capitalized. Normal repair and maintenance costs are expensed as incurred. The cost of R&A and leasehold improvements performed by GSA, but financed by other agencies, is not capitalized in GSA financial statements as such amounts are transferred to the other agencies upon completion of the project. The majority of all land, buildings, and leasehold improvements are leased to other Federal agencies under short-term cancellable agreements.

Depreciation and amortization of property and equipment are calculated on a straight-line basis over their initial or remaining useful lives. Leasehold Improvements are amortized over the lesser of their useful lives, generally 5 years, or the unexpired lease term. It is GSA policy to reclassify capitalized costs of construction in process into the Buildings accounts upon project completion. Buildings acquired through purchase, construction, or under capital lease agreements are depreciated over 30 years. Major and minor building renovation projects carry estimated useful lives of 20 years and 10 years, respectively.

Most of the assets comprising Other Equipment are used internally by GSA and are depreciated over periods generally ranging from 3 to 10 years.

GSA maintains a fleet of Motor Vehicles for rental to other Federal agencies to meet their operational needs, with monthly billings rendered to recover program costs. The various vehicle types are depreciated over a general range of 4 to 12 years.

In accordance with FASAB SFFAS 10*, Accounting for Internal Use Software*, capitalization of software development costs incurred for systems having a useful life of 2 years or more is required. With implementation of this standard, GSA adopted minimum dollar thresholds per system that would be required before capitalization would be warranted. For the FBF, this minimum threshold is $1 million. For all other funds, it is $250,000. Once completed, software applications are depreciated over an estimated useful life determined on a case-by-case basis, ranging from 3 to 10 years. Capitalized software is reported as an element of Other Equipment on the Consolidated Balance Sheets.

F. Annual, Sick, and Other Types of Leave

Annual leave liability is accrued as it is earned and the accrual is reduced as leave is taken. Each year, the balance in the accrued annual leave account is adjusted to reflect current pay rates.

Sick leave and other types of non-vested leave are expensed as taken.

2. Fund Balance with Treasury

A. Reconciliation to U.S. Treasury

There were no material differences between amounts reported by GSA and those reported to the U.S. Treasury as of September 30, 2020, and 2019.

B. Relationship to the Budget

In accordance with SFFAS 1*, Accounting for Selected Assets and Liabilities*, the following information is provided to further identify amounts in the Fund Balance with Treasury (FBwT) as of September 30, 2020, and 2019, against which obligations have been made, and for unobligated balances, to identify amounts available for future expenditures and those only available to liquidate prior obligations.

In the FBF, amounts of FBwT — shown below as Unobligated Balance, Unavailable — include a combination of balances recorded as Resources Temporarily Unavailable and Unobligated Balance Not Available. Also, in two instances, the portion of FBwT presented below as unobligated balances will not equal related amounts reported on the CSBR. In the FBF, the CSBR unobligated balances include resources associated with borrowing authority for which actual funds have not yet been realized. In the Other Funds group, the schedule below includes Non-Budgetary FBwT held in Special Receipt, Clearing, and Deposit Funds, which are not reportable for purposes of the CSBR. The following schedule presents elements of the FBwT:

2B. Fund Balance with Treasury *(Dollars in Millions)*

	Obligated Balance, Net[1]	Unobligated Balance Available	Unobligated Balance Unavailable	Non-Budgetary FBwT	Total
2020					
FBF	**($329)**	**$4,584**	**$8,234**	**$–**	**$12,489**
ASF	**(170)**	**1,004**	**433**	**–**	**1,267**
Other Funds	**361**	**165**	**214**	**147**	**887**
Total	**($138)**	**$5,753**	**$8,881**	**$147**	**$14,643**
2019					
FBF	$172	$4,916	$6,817	$–	$11,905
ASF	(167)	936	374	–	1,143
Other Funds	333	173	183	138	827
Total	$338	$6,025	$7,374	$138	$13,875

1 *Negative amounts in Obligated Net Balance are the result of Uncollected Customer Payments exceeding Unpaid Obligations.*

C. Availability of Funds

Included in GSA's FBwT are dedicated collections from Special Receipt Funds that may be transferred to either the U.S. Treasury, or the Land and Water Conservation Fund (see Note 1-D). These amounts, related to the Transportation Audits program and surplus real property disposals, are subject to transfer upon GSA's annual determination of the costs incurred by these programs. The FBwT in these funds totaled $104 and $101 million at September 30, 2020, and 2019, respectively, of which $37 and $12 million, respectively, were recorded as liabilities in the Consolidated Balance Sheets. In FY 2020 and FY 2019, $9 and $1 million, respectively, of unused funds from expired appropriations were returned to the U.S. Treasury as of September 30. Such balances are excluded from the amount reported as FBwT in accordance with U.S. Treasury guidelines. A portion of FBwT also includes amounts where authority to incur new obligations has expired, but the funds are available to liquidate residual obligations that originated when the funds were available. Such expired balances totaled $47 million and $53 million at September 30, 2020, and 2019, respectively. The FBF has balances that are temporarily not available in accordance with annual appropriation acts that limit the amount of reimbursable resources that are available for spending each year. Such amounts totaled $8 billion and $6 billion at September 30, 2020, and 2019, respectively and will not be available for expenditure except as authorized in future appropriation acts.

Under the ASF statutory authorities, GSA is permitted to retain earnings to ensure the fund has sufficient resources to support operations in association with a cost and capital plan as approved by the Administrator of GSA. GSA is also required to annually return any excess proceeds related to the Personal Property Sales program to the U.S. Treasury. The ASF returned $10 million and $7 million in FY

2020 and FY 2019, respectively, to the U.S. Treasury. These activities are in accordance with the cost and capital plan to meet program needs. Cumulative Results of Operations in the ASF have been used for activities such as covering discontinued operations and investments in Government-wide software applications, including the System for Award Management and the Common Acquisition Platform.

3. Non-entity Assets

As of September 30, 2020, and 2019, certain amounts reported on the consolidated balance sheets are elements of Budget Clearing, Deposit, and Miscellaneous Receipt Funds, which are not available to management for use in ongoing operations and are classified as non-entity assets (see Note 1-A). The only substantial balances of non-entity assets were Fund Balance with Treasury, which totaled $42 million and $36 million, as of September 30, 2020, and 2019, respectively.

4. Accounts and Notes Receivable, Net

Substantially all accounts receivable are from other Federal agencies, with only 3.1 percent and 3.5 percent due from non-federal customers as of September 30, 2020, and 2019, respectively. Unbilled accounts receivable result from the delivery of goods or performance of services for which bills have not yet been rendered. Additionally, Technology Modernization Fund (TMF) transfers to other Federal agencies are recorded as accounts receivable, as legislation requires transferred funds to be repaid to the TMF. Allowances for doubtful accounts are recorded using aging methodologies based on analysis of historical collections and write-offs. As of September 30, 2020, and 2019, accumulated unrecognized interest on all notes deemed uncollectible totaled $273 million and $240 million, respectively. A summary of accounts receivable as of September 30, 2020, and 2019, is as follows:

4. Accounts Receivable *(Dollars in Millions)*

	FBF		ASF		Other Funds		Less: Intra-GSA Eliminations		GSA Consolidated Totals	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Accounts Receivable - billed	**$105**	$117	**$88**	$98	**$12**	$10	**$—**	$—	**$205**	$225
Accounts Receivable - unbilled	**294**	322	**3,469**	3,078	**71**	43	**41**	48	**3,793**	3,395
Allowance for Doubtful Accounts	**(11)**	(4)	**(9)**	(2)	**(1)**	(2)	**—**	—	**(21)**	(8)
Total Accounts Receivable, Net	**$388**	$435	**$3,548**	$3,174	**$82**	$51	**$41**	$48	**$3,977**	$3,612

5. Other Assets

As of September 30, 2020, and 2019, Other Assets were comprised of the following balances:

5. Other Assets *(Dollars in Millions)*

	FBF		ASF		Other Funds		GSA Consolidated Totals	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
Surplus Property Held for Sale	**$34**	$36	**$28**	$19	**$—**	$—	**$62**	$55
Intangible Assets	**—**	—	**11**	15	**—**	—	**11**	15
Miscellaneous	**2**	3	**—**	—	**—**	—	**2**	3
Total Other Assets	**$36**	$39	**$39**	$34	**$—**	$—	**$75**	$73

6. Property and Equipment, Net

A. Summary of Balances

Balances in GSA Property and Equipment accounts subject to depreciation as of September 30, 2020, and 2019, are summarized below:

6. Property and Equipment *(Dollars in Millions)*

	2020			2019		
	Cost	**Accumulated Depreciation**	**Net book Value**	Cost	Accumulated Depreciation	Net book Value
Buildings:						
FBF	**$51,205**	**$31,256**	**$19,949**	$49,136	$29,450	$19,686
Leasehold Improvements:						
FBF	**217**	**205**	**12**	272	250	22
ASF	**13**	**10**	**3**	14	9	5
Other Funds	**4**	**3**	**1**	4	3	1
Total Leasehold Improvements	**234**	**218**	**16**	290	262	28
Motor Vehicles:						
ASF	**6,474**	**2,453**	**4,021**	6,200	2,254	3,946
Other Equipment:						
FBF	**127**	**115**	**12**	140	126	14
ASF	**134**	**96**	**38**	189	148	41
Other Funds	**44**	**32**	**12**	174	158	16
Total Other Equipment	**305**	**243**	**62**	503	432	71
Total, Depreciable Property & Equipment	**$58,218**	**$34,170**	**$24,048**	$56,129	$32,398	$23,731

6A . Total Property and Equipment Summary of Changes *(Dollars in Millions)*

	2020			
	FBF	ASF	Other Funds	GSA COMBINED
Net Book Value - Beginning	$22,843	$3,992	$17	$26,852
Capitalized Acquisitions	2,169	847	5	3,021
Disposals	(14)	(168)	–	(182)
Depreciation Expense	(1,711)	(609)	(10)	(2,330)
Net Book Value - Ending	$23,287	$4,062	$12	$27,361

Environmental and Disposal Liabilities

Environmental and disposal liabilities represent cleanup costs associated with removing, containing, and disposing of hazardous waste from property; material and property that consists of hazardous waste at permanent or temporary closure, or shutdown of associated plant, property, and equipment (PP&E) (i.e. asset retirement and equipment disposal); or asbestos. Cleanup costs may include characterization, decontamination, decommissioning, restoration, monitoring, closure, post closure, future surveys, studies, and assessments on the environmental site. Cleanup costs may also include compensation and benefits of human resources devoting a significant amount of time directly to the remediation effort.

In accordance with guidance issued by FASAB, SFFAS 5, *Accounting for Liabilities of the Federal Government* and SFFAS 6*, Accounting for Property, Plant, and Equipment, Federal Financial Accounting* and *Auditing Technical Release No. 2, Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government,* GSA is required to recognize a liability for environmental-related cleanup costs resulting from past transactions or events and when a future outflow or other sacrifice of resources is probable and reasonably estimable. GSA's FBF assesses the likelihood of required cleanup for PP&E, including land acquired for or in connection with other PP&E, used in providing goods or services. If the likelihood of required cleanup is probable and the cost can be reasonably estimated, a liability is recorded in the financial statements; if the likelihood is probable but not reasonably estimated or reasonably possible, the costs of cleanup are disclosed in the notes to the financial statements; and if the likelihood is remote, no liability or estimate is recorded or disclosed.

Environmental-related cleanup costs include liabilities covered by current budgetary resources and liabilities not covered by current budgetary resources known as future funded expenses.

Cleanup of such hazards is governed by various Federal and State laws. The laws most applicable to GSA are the Comprehensive Environmental Response Compensation and Liability Act of 1980, the Asbestos Hazard Emergency Response Act, and the Resource Conservation and Recovery Act. Various State and local laws and regulations are also applicable.

GSA's FBF recognized $1.9 billion and $1.8 billion for environmental and disposal liabilities as of September 30, 2020, and 2019, respectively, for properties currently in GSA's inventory. Included in this balance are the current estimates for potential future cleanup costs associated with the release of hazardous substances (into the environment) at properties where GSA is legally responsible for cleanup; asbestos liabilities (e.g., abatement); and non-asbestos liabilities (e.g., lead abatement) associated with PP&E at asset retirement or disposal (dollars in millions).

6B. Environmental and Disposal Liabilities

	2020	2019
Environmental Liabilities (external releases to the environment)	**$107**	$133
Asbestos Liabilities	**1,518**	1,379
PP&E: Non-asbestos Liabilities	**292**	269
Total Environmental and Disposal Liabilities (amortized)[1]	**$1,917**	$1,781

1 Does not include non-GSA assets which are included on the Balance Sheet

C. Environmental Liabilities: External Releases to the Environment

PBS reported a total estimated environmental liability (releases to the environment) of $107 million for FY 2020. This is a decrease from $133 million reported in FY 2019. The decrease is attributable to remediation efforts along with cost re-estimations for environmental services (e.g., remediation activities) and adjustments to the scope of services for projects managed by PBS. PBS' environmental remediation projects range from the cleanup of hazardous substances (chemical solvents, toxic metals, polychlorinated biphenyls) and petroleum released into soil and groundwater to complex long-term remediation of former Department of Defense sites (munitions manufacturing and stockpile centers). GSA's PBS does not have any sites identified as probable but not reasonably estimable regarding cleanup costs. As of September 30, 2020 and 2019, GSA's FBF had $19 million and $21 million, respectively, for 'reasonably possible' cleanup costs, for which a non-GSA entity will be responsible for settling cleanup costs of the assets. The non-GSA entity responsible for settling and reporting the liability for the cleanup cost of the asset is designated by Formerly Used Defense Sites and Department of Defense/Defense Logistics Agency requirements.

D. Asbestos Liabilities

In accordance with FASAB Technical Bulletin 2006-1, Recognition and Measurement of Asbestos-Related Cleanup Costs, the focus is to recognize an unfunded liability and related expenses for asbestos related cleanup costs where it is both probable and reasonably estimable for Federal entities that own tangible property, plant and equipment containing asbestos.

GSA's methodology for developing estimated future asbestos liability involved selection of asbestos abatement survey reports performed by third-party contractors, independent from GSA, to develop an average cost factor. The average cost factor from these asbestos survey reports is applied to GSA's total square feet of applicable inventory in order to determine the total estimated asbestos liability.

In accordance with Technical Bulletin 2006-1, GSA recognizes cleanup costs over the estimated life of the underlying assets. The building useful life of 30 years is used for purposes of recognizing and amortizing the long-term estimated asbestos cleanup costs. During FY 2020, changes to GSA's total estimated liability consisted of cost re-estimates, inflation, and amortization of remaining future year costs.

The amortized asbestos-related liabilities reported for FY 2020 are $1.5 billion, which is an increase from FY 2019 of $1.4 billion. The increase is due to changes in asbestos liability cost factors based upon updated building asbestos abatement cost estimates. The unamortized asbestos liabilities for FY 2020 compared to FY 2019 are $7 million and $8 million, respectively.

E. Property, Plant & Equipment: Non-asbestos Liabilities

GSA reports cleanup costs associated with PP&E that consist of removal of hazardous waste at asset retirement or related to equipment disposal in the financial statements under PP&E - non-asbestos liabilities. GSA's methodology for estimating non-asbestos-related liabilities captures the cost of remediating certain hazards, such as, lead-based paint and polychlorinated biphenyls.

GSA's methodology uses actual cost data from major renovation projects and cost estimates from independent third-party environmental surveys, to develop average cost factors for PP&E non-asbestos remediation. These average cost factors are applied to GSA's total square feet of applicable inventory in order to determine the total estimated non-asbestos liability. For FY 2020, the amortized PP&E non-asbestos related liabilities are $292 million, compared to FY 2019 of $269 million. The increase is due to changes in non-asbestos liability cost factors based upon updated project and building surveys' cost estimate data. The unamortized PP&E non-asbestos liabilities for FY 2020 compared to FY 2019 are $46 million and $42 million, respectively.

F. Heritage Assets

The average age of GSA buildings is 49 years old; therefore, many buildings have historical, cultural, or architectural significance or a combination of all three. While GSA uses these buildings to meet the office space and other needs of the Federal Government, maintaining and preserving these historical elements is also a significant priority. In accordance with FASAB SFFAS 29*, Heritage Assets and Stewardship Land*, these buildings meet the definition of Multi-use Heritage Assets, and are reportable within Property and Equipment on the Consolidated Balance Sheets. Deferred maintenance and repairs related to GSA's heritage assets are separately disclosed in the required supplementary information.

GSA defines its historic buildings as those buildings that are either listed on the National Register of Historic Places, have formally been determined eligible, or appear to meet eligibility criteria to be listed. In FY 2020, GSA owns 413 buildings on the National Register, (no change from FY 2019), of which 74 are designated as National Historic Landmarks. An additional 99 buildings are potentially eligible for listing on the National Register, but have not gone through the formal listing process. Under the National Historic Preservation Act, GSA is required to give these buildings special consideration, including first preference for Federal use and rehabilitation in accordance with standards established by the DOI.

GSA also has a collection of artworks with historical significance, maintained for display in Federal buildings to increase the cultural and aesthetic quality of the buildings for visitors and workers.

7. Workers' Compensation Benefits

The Federal Employees' Compensation Act (FECA) provides wage replacement and medical cost protection to covered Federal civilian employees injured on the job, incurred a work-related occupational disease, or beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. The FECA program is administered by the U.S. Department of Labor (DOL), which initially pays valid claims and subsequently seeks reimbursement from the Federal agencies employing the claimants. DOL provides the actuarial liability for claims outstanding at the end of each fiscal year. This liability includes the estimated future costs of death benefits, workers' wage replacement, and medical and miscellaneous costs for approved compensation cases.

The present value of these estimates at the end of FY 2020 and FY 2019 were calculated by DOL using the following discount rates:

7. Discount Rates

	2020		2019	
Type of Benefits	**Year 1**	**Year 2 and thereafter**	Year 1	Year 2 and thereafter
Wage Benefits	**2.41%**	**2.41%**	2.61%	2.61%
Medical Benefits	**2.30%**	**2.30%**	2.35%	2.35%

At September 30, 2020, and 2019, GSA's actuarial liability totaled $123 million and $116 million, respectively. As reported in Note 9, the Workers Compensation accrued liability at September 30, 2020, and 2019, totaled $23 million and $24 million, respectively.

8. Leasing Arrangements

As of September 30, 2020, GSA was committed to various non-cancelable operating leases covering office space and warehouse storage facilities maintained by the FBF. Many of these leases contain escalation clauses tied to inflation, tax increases, and renewal options. The following are schedules of future minimum rental payments required under leases that have initial or remaining non-cancelable terms in excess of 1 year, and under capital leases together with the present value of the future minimum lease payments. For the present value of future minimum lease payments under capital leases, the full balance will have funding made available in the year the payment is due (dollars in millions):

8A. Future Minimum Rental Payments *(Dollars in Millions)*

OPERATING LEASES		CAPITAL LEASES	
FISCAL YEAR	FBF	FISCAL YEAR	FBF
2021	$3,800	2021	$22
2022	3,202	2022	4
2023	2,735	2023	—
2024	2,386	2024	—
2025	2,027	2025	—
2026 and thereafter	9,817	2026 and thereafter	—
Total future minimum lease payments	**$23,967**	**Total future minimum lease payments**	**$26**
		Less: Amounts representing	
		Interest	1
		Executory Costs	—
		Total obligations under capital leases	**$25**

Substantially all leased and owned space maintained by the FBF is sublet to other Federal agencies at rent charges to recover GSA's cost of that space, or commercial equivalent charges. The majority of agreements covering these arrangements allow customer agencies to terminate the agreement with 4 months' notice, any time after the first 16 months of the agreement term. In some instances, agreements with customers may include non-cancellation clauses or restricted clauses that limit the ability to cancel prior to the agreement's expiration date.

Customer agencies may also enter into a supplemental occupancy agreement with ASF's Furniture and Information Technology (FIT) program. This program assists customers with right-sizing their operations to improve space utilization, reduce the real estate footprint, and increase workplace efficiency while minimizing initial capital investments for items such as furniture and information technology equipment. Base terms generally have a duration of 60 months for furniture and 36 months for IT equipment. GSA believes that these agreements will also continue without interruption. The following is a schedule displaying the future minimum rental revenues due to GSA for all non-cancelable and restricted clause agreements with terms in excess of 1 year:

8B. Future Minimum Rental Revenue *(Dollars in Millions)*

OPERATING LEASE REVENUES			
Fiscal Year	**FBF**	**ASF**	**Total**
2021	$1,453	$2	**$1,455**
2022	1,109	2	**1,111**
2023	974	1	**975**
2024	870	—	**870**
2025	760	—	**760**
2026 and thereafter	4,618	—	**4,618**
Total future minimum lease receipts	**$9,784**	**$5**	**$9,789**

For four of GSA's buildings, the rental agreements with the customer include transfer of building ownership at the end of the rental term. FIT currently has three agreements where the furniture and IT equipment may transfer to the customer agency at the end of the agreement term. The remaining minimum rental payments due from these agreements are as follows:

8C. Future Minimum Rental Payments *(Dollars in Millions)*

DIRECT FINANCING LEASE REVENUES			
Fiscal Year	**FBF**	**ASF**	**Total**
2021	$4	$1	**$5**
2022	4	—	**4**
2023	4	—	**4**
2024	3	—	**3**
2025	3	—	**3**
2026 and thereafter	10	—	**10**
Total future minimum receipts	**$28**	**$1**	**$29**

Rental income under subleasing agreements and related reimbursable arrangements for tenant improvements and above standard service requirements approximated $6.7 billion and $6.6 billion for the years ended September 30, 2020, and 2019, respectively. The vast majority of the rental income in FY 2020 comes from Federal sources while only $19 million is from outleases from non-federal entities. Rent expense under all operating leases, including short-term non-cancelable leases, was approximately $5.8 billion for both years ended September 30, 2020, and 2019. Of the $5.8 billion in FY 2020 rent expense, only $27 million was paid to other Federal agency lessees with the remaining expense being paid to non-federal entities. The Consolidated Balance Sheets as of September 30, 2020, and 2019, include capital lease assets of $336 million and $363 million for buildings, and accumulated amortization on such structures of $329 million and $343 million, respectively. For substantially all of its leased property, GSA expects that in the normal course of business such leases will be either renewed or replaced in accordance with the needs of its customer agencies.

9. Other Liabilities

As of September 30, 2020, and 2019, the amounts reported on the Consolidated Balance Sheets as Other Intragovernmental Liabilities and Other Liabilities, are substantially long-term in nature, with the exception of Federal Benefit Withholdings, Salaries and Benefits Payable, and Deposits in Clearing Funds, which are current liabilities. Other Intragovernmental Liabilities and Other Liabilities consisted of the following:

9. Other Intragovernmental Liabilities and Other Liabilities *(Dollars in Millions)*

	FBF		ASF		Other Funds		Less: Intra-GSA Eliminations		GSA Consolidated Totals	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
OTHER INTRAGOVERNMENTAL LIABILITIES										
Workers' Compensation Due to DOL	**$12**	$14	**$8**	$7	**$3**	$3	**$–**	$–	**$23**	$24
Federal Benefit Withholdings	**9**	7	**6**	4	**5**	4	**–**	–	**20**	15
Deposits in Clearing Funds	**–**	–	**–**	–	**14**	16	**–**	–	**14**	16
Other	**–**	–	**–**	–	**23**	21	**23**	21	**–**	–
Total Other Intragovernmental Liabilities	**21**	21	**14**	11	**45**	44	**23**	21	**57**	55
OTHER LIABILITIES										
Salaries and Benefits Payable	**30**	24	**21**	16	**17**	15	**–**	–	**68**	55
Deferred Revenues/Advances from the Public	**12**	15	**1**	–	**–**	–	**–**	–	**13**	15
Lease Termination Liability	**–**	–	**1**	5	**–**	–	**–**	–	**1**	5
Contingencies	**1**	3	**–**	–	**–**	–	**–**	–	**1**	3
Pensions for Former Presidents	**–**	–	**–**	–	**13**	10	**–**	–	**13**	10
Total Other Liabilities	**$43**	$42	**$23**	$21	**$30**	$25	**$–**	$–	**$96**	$88

10. Commitments and Contingencies

A. Commitments and Undelivered Orders

In addition to future lease commitments discussed in Note 8, GSA is committed under obligations for goods and services that have been ordered but not yet received (undelivered orders) at fiscal year-end. Aggregate undelivered orders for all GSA activities at September 30, 2020, and 2019, are as follows:

10A. Undelivered Orders *(Dollars in Millions)*

	2020					2019				
Fund	**Federal**	**Non-Federal**	**Paid**	**Unpaid**	**Total**	Federal	Non-Federal	Paid	Unpaid	Total
FBF	**$119**	**$3,043**	**$90**	**$3,072**	**$3,162**	$148	$3,325	$122	$3,351	$3,473
ASF	**164**	**10,505**	**50**	**10,619**	**10,669**	352	8,361	19	8,694	8,713
Other Funds	**175**	**153**	**–**	**328**	**328**	150	146	–	296	296
Total Undelivered Orders	**$458**	**$13,701**	**$140**	**$14,019**	**$14,159**	$650	$11,832	$141	$12,341	$12,482

B. Contingencies

GSA is a party in various administrative proceedings, legal actions, environmental suits and claims brought by or against the agency. In the opinion of GSA management and legal counsel, the ultimate resolution of these proceedings, actions and claims will not materially affect the financial position or results of operations of GSA, FBF, ASF, or the Other Funds. Based on the nature of each claim, resources available to liquidate these liabilities may be from GSA funds or, in some instances, are covered by the U.S. Treasury Judgment Fund, as discussed below.

In many cases, legal contingencies that directly involve GSA relate to contractual arrangements GSA entered into either for property or services it has obtained or procured on behalf of other Federal agencies. The costs of administering, litigating, and resolving these actions are generally borne by GSA unless it can recover the cost from another Federal agency. Certain legal matters in which GSA may be a named party are administered and, in some instances, litigated by other Federal agencies. Amounts to be paid under any decision, settlement, or award pertaining thereto are sometimes funded by those agencies.

Environmental contingencies and most tort claims are administered and resolved by the U.S. Department of Justice, and any amounts necessary for resolution are obtained from the U.S. Treasury Judgment Fund. In accordance with the FASAB's Interpretation No. 2, *Accounting for Treasury Judgment Fund Transactions*, costs incurred by the Federal Government are to be reported by the agency responsible for incurring the liability, or to which liability has been assigned, regardless of the ultimate source of funding. The cost of environmental contingencies is estimated in accordance with the FASAB Accounting and Auditing Policy Committee's Federal Financial Accounting and Auditing Technical Release No. 2, *Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government*. For most environmental contingencies, GSA has no managerial responsibility other than as custodian and successor on claims made against former Federal entities, particularly former World War II defense-related activities.

Probable contingencies are pending and threatened legal matters for which, in the opinion of GSA management and legal counsel, a loss is likely, and the amount of the loss can be estimated. These matters arise in the course of carrying out GSA programs and operations, including contracting actions, operating carbon-fueled vehicles, owning and leasing buildings and facilities for other Federal agencies, and related claims. These contingencies are accrued in GSA's financial records.

GSA also has contingencies where the likelihood of loss is more than a remote chance, but less than likely to occur and those are deemed reasonably possible. Reasonably possible contingencies involve a wide variety of allegations and claims. Accordingly, no balances have been recorded in the financial statements for these contingencies.

The accrued and reasonably possible contingencies as of September 30, 2020 and 2019 are summarized in the table below:

10B . Accrued and Reasonably Possible Contingencies *(Dollars in Millions)*

2020	Accrued Liabilities	Estimated Range of Loss	
		Lower End	Upper End
Legal Contingencies :			
Probable - FBF	**$1**	**$1**	**$5**
Probable - Other Funds	**—**	**—**	**1**
Total Probable	**1**	**1**	**6**
Reasonably Possible - ASF		**1**	**1**
Reasonably Possible - FBF		**70**	**211**
Reasonably Possible - Other Funds		**—**	**9**
Total Reasonably Possible		**71**	**221**
Environmental Contingencies :			
Probable - Other Funds	**43**	**43**	**43**
Reasonably Possible - Other Funds		**$20**	**$241**
2019			
Legal Contingencies :			
Probable - FBF	$3	$3	$4
Probable - Other Funds	—	—	1
Total Probable	3	3	5
Reasonably Possible - ASF		2	13
Reasonably Possible - FBF		73	250
Reasonably Possible - Other Funds		10	67
Total Reasonably Possible		85	330
Environmental Contingencies :			
Probable - Other Funds	5	5	5
Reasonably Possible - Other Funds		$40	$181

C. U.S. Treasury Judgment Fund

In 1956, Congress enacted the Judgment Fund as a permanent, indefinite appropriation for the payment of claims that did not have another source of funding. This resulted in prompter payments that reduced the interest that accrues against the Government between the date of the claim judgment and the claim payment.

The recognition of claims to be funded solely through the Judgment Fund on GSA Consolidated Statements of Net Cost and Consolidated Balance Sheets is, in effect, recognition of these liabilities against the Federal Government as a whole, and should not be interpreted as claims against the assets or resources of any GSA fund, nor will any future resources of GSA be required to liquidate any resulting losses.

Amounts paid from the Treasury Judgment Fund on behalf of GSA, regardless of ultimate funding, were as follows:

10C . Judgment Fund Payments *(Dollars in Millions)*

Fund	2020	2019
FBF	**$20**	$12
Other Funds	**10**	101
Total Judgment Fund Payments	**$30**	$113

Of these amounts, most significant balances are related to the Contract Disputes Act claims in FBF and Environmental and Disposal claims in Other Funds. GSA is required to reimburse the Judgment Fund for payments made on GSA's behalf related to claims arising under the Contract Disputes Act and the Notification and Federal Employee Anti-Discrimination and Retaliation Act. GSA is not required to reimburse the Judgment Fund for payments made on GSA's behalf related to Environmental and Disposal and most other types of claims. For those non-reimbursable claim payments, GSA would record imputed financing sources and imputed costs to reflect those payments made on our behalf. For FY 2020 and FY 2019 GSA recorded $10 million and $101 million, respectively in Imputed Financing Provided From Others for the non-reimbursable payments the Treasury Judgment Fund made on GSA's behalf. This is in addition to the Imputed Costs for Post-Employment Benefits as noted in GSA's Footnote 15-E.

There is a significant decrease in the amounts paid by the Treasury Judgment Fund from the prior year as there was an environmental and disposal claim that was settled and paid by the Treasury Judgment Fund for almost $100 million in FY 2019. There were no large payments made in FY 2020.

11. Liabilities Not Covered By Budgetary Resources

As of September 30, 2020, and 2019, budgetary resources were not yet available to fund certain liabilities reported on the Consolidated Balance Sheets. For such liabilities, most are long-term in nature where funding is generally made available in the year payments are due or anticipated. Liabilities not covered by budgetary resources require future congressional action whereas liabilities covered by budgetary resources reflect prior congressional action. Regardless of when the congressional action occurs, Treasury will finance the liquidation in the same way that it finances all other disbursements, using some combination of receipts, other inflows, and borrowing from the public (if there is a budget deficit). The portion of liabilities reported on the Consolidated Balance Sheets that are not covered by budgetary resources consists of the following:

11. **Liabilities Not Covered By Budgetary Resources** *(Dollars in Millions)*

	FBF		ASF		Other Funds		Less: Intra-GSA Eliminations		GSA Consolidated Totals	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Judgment Fund Liability	**$524**	$507	**$–**	$–	**$–**	$–	**$–**	$–	**$524**	$507
Deferred Revenues and Advances - Federal	**591**	655	**5**	7	**–**	–	**–**	–	**596**	662
Other Intragovernmental Liabilities	**12**	14	**8**	7	**26**	24	**23**	21	**23**	24
Total Intragovernmental Liabilities Not Covered by Budgetary Resources	**1,127**	1,176	**13**	14	**26**	24	**23**	21	**1,143**	1,193
Environmental and Disposal	**1,917**	1,781	**–**	–	**43**	5	**–**	–	**1,960**	1,786
Capital Lease and Installment Purchase Liability	**693**	708	**–**	–	**–**	–	**–**	–	**693**	708
Workers' Compensation Actuarial Liabilities	**71**	67	**39**	37	**13**	12	**–**	–	**123**	116
Annual Leave Liability	**59**	49	**40**	34	**36**	30	**–**	–	**135**	113
Other Liabilities	**1**	3	**1**	5	**13**	10	**–**	–	**15**	18
Total Non-Intragovernmental Liabilities Not Covered by Budgetary Resources	**2,741**	2,608	**80**	76	**105**	57	**–**	–	**2,926**	2,741
Total Liabilities Not Covered By Budgetary Resources	**3,868**	3,784	**93**	90	**131**	81	**23**	21	**4,069**	3,934
Total Liabilities Covered By Budgetary Resources	**1,090**	1,077	**3,075**	2,801	**99**	101	**18**	27	**4,246**	3,952
Total Liabilities Not Requiring Budgetary Resources	**571**	536	**1**	–	**79**	51	**–**	–	**651**	587
Total Liabilities	**$5,529**	$5,397	**$3,169**	$2,891	**$309**	$233	**$41**	$48	**$8,966**	$8,473

Certain balances, while also unfunded by definition (as no budgetary resources have been applied), will be liquidated from resources outside of the traditional budgeting process and require no further congressional action to do so. Such balances include: 1) amounts reported in the Consolidated Balance Sheets under the captions Unamortized Rent Abatement Liability and Deposit Fund Liability; 2) the portion of amounts included in Other Intragovernmental Liabilities shown as Deposits Held in Suspense and Earnings Payable to Treasury in Note 9; 3) the portion of amounts included in Amounts Owed to the General Fund shown as custodial collections; and 4) substantially all amounts included in Other Liabilities shown as Deferred Revenues/Advances From the Public in Note 9.

12. Reconciliation to the President's Budget

In accordance with FASAB SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, if there are differences between amounts reported in these financial statements versus those reported in the most recent Budget of the United States Government (President's Budget), they must be disclosed. With the President's Budget generally released in February each year, the most current comparable data is the FY 2021 President's Budget, which contains FY 2019 financial statement results. The FY 2022 President's Budget, containing FY 2020 actual results is expected to be released February 3, 2021, on OMB's website. The portion of the President's Budget relating specifically to GSA can be found in the appendix of that document. Balances submitted to the U.S. Treasury constitute the basis for reporting of actual results in the President's Budget. The basis of the President's Budget and the CSBR is data reported to the U.S. Treasury on the Reports on Budget Execution and Budgetary Resources (SF 133s). Reconciling differences are caused by the presentation style of the President's Budget, which excludes Budgetary Resources and New Obligations and Upward Adjustments in expired annual funds, as well as offsetting collections, which are required for reporting on the CSBR. Small rounding differences may also exist between the CSBR and the President's Budget due to an alternative rounding methodology GSA used.

The following two schedules highlight the most significant comparable amounts reported in the FY 2019 CSBR and FY 2021 President's Budget (dollars in millions). The first schedule shows the total differences where the CSBR contains balances greater or (less) than amounts reported in the President's Budget by fund. Following this is a second schedule displaying the components of each difference at the combined level.

GSA's Congressional Justification submission includes available and unavailable budgetary resources. In the CSBR and FBF SBR, the total budgetary resources of $36.9 billion and $16.7 billion as of September 30, 2019, respectively, represent budgetary resources net of FBF's unavailable budgetary resources of $6.3 billion. For GSA's reconciliation between the CSBR and the President's Budget, GSA added back FBF's unavailable resources to the Budgetary Resources amounts reported under the FBF CSBR column in the first chart and the CSBR row in the second chart.

12A. Total Differences - CSBR Compared to President's Budget by Fund *(Dollars in Millions)*

	FBF		ASF		Other Funds		GSA Consolidated Totals		
	CSBR	Pres. Budget	CSBR	Pres. Budget	CSBR	Pres. Budget	CSBR	Pres. Budget	Difference
Budgetary Resources	$22,916	$22,908	$18,828	$18,828	$1,377	$1,330	$43,121	$43,066	$55
New Obligations and Upward Adjustments	11,156	11,156	17,518	17,518	1,022	1,020	29,696	29,694	2
Net Outlays from Operating Activities	(997)	(997)	(304)	(303)	247	248	(1,054)	(1,052)	(2)
Distributed Offsetting Receipts	—	—	—	—	(38)	—	(38)	—	(38)

12B. Components of each difference all funds combined *(Dollars in Millions)*

	Budgetary Resources	New Obligations and Upward Adjustments	Net Outlays from Operating Activities	Distributed Offsetting Receipts
Combined Statement of Budgetary Resources	$43,121	$29,696	($1,054)	($38)
Expired Funds, Not Reflected in the Budget	(55)	—	—	—
Offsetting Receipts, Not Reflected in the Budget	—	—	—	38
Other	—	(2)	2	—
Budget of the U.S. Government	**$43,066**	**$29,694**	**($1,052)**	**$—**

13. Combined Statements of Budgetary Resources

The CSBR presents GSA budgetary results in accordance with reporting requirements prescribed in OMB Circular A-11, Preparation, Submission, and Execution of the Budget. In consolidated reporting by OMB and the U.S. Treasury, for the U.S. Government as a whole, substantially all of GSA's program operations and operating results are categorized as general Government functions. There were no significant differences between the balances used to prepare the CSBR and the SF- 133s in FY 2020 or FY 2019.

13. **Adjustments to Unobligated Balances Brought Forward** *(Dollars in Millions)*

	FBF		ASF		Other Funds		GSA Combined Totals	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
Prior Year Total Unobligated Balance, End of Period	**$5,499**	$5,096	**$1,310**	$936	**$355**	$325	**$7,164**	$6,357
Adjustments to Unobligated Balance Brought Forward								
Unobligated Balance transferred to other accounts	**–**	–	**–**	–	**(30)**	(23)	**(30)**	(23)
Unobligated Balance transferred from other accounts	**–**	–	**–**	–	**4**	21	**4**	21
Adjustment of Unobligated Balance Brought Forward, October 1	**–**	–	**–**	–	**–**	(7)	**–**	(7)
Recoveries of Prior Year Obligations	**100**	105	**756**	451	**29**	15	**885**	571
Other Changes in Unobligated Balance	**(1)**	10	**3**	–	**(3)**	(2)	**(1)**	8
Total Adjustments to Unobligated Balance Brought Forward	**99**	115	**759**	451	**–**	4	**858**	570
Unobligated Balance from Prior Year Budget Authority, Net	**$5,598**	$5,211	**$2,069**	$1,387	**$355**	$329	**$8,022**	$6,927

14. Consolidated Statements of Changes in Net Position

Cumulative results of operations for Revolving Funds include the net cost of operations since their inception, reduced by funds returned to the U.S. Treasury, congressional rescissions, and transfers to other Federal agencies, in addition to balances representing invested capital. Invested capital includes amounts provided to fund certain GSA assets, principally land, buildings, construction in process, and equipment, as well as appropriated capital provided as the corpus of a fund (generally to meet operating working capital needs).

The FBF, ASF, WCF and FCSF have legislative authority to retain portions of their cumulative results for specific purposes. The FBF retains cumulative results to finance future operations and construction, subject to appropriation by Congress. In the ASF, such cumulative results are retained to cover the cost of replacing the motor vehicle fleet and supply inventory, as well as to provide financing for major systems acquisitions and improvements, contract conversion costs, major contingencies, and to maintain sufficient working capital. The WCF retains cumulative results to finance future systems improvements and certain operations. The FCSF retains cumulative results to finance future operations, subject to appropriation by Congress.

Cumulative Results of Operations on the Consolidated Balance Sheets include balances of funds from dedicated collections as defined in FASAB SFFAS 43, *Dedicated Collections: Amending SFFAS 27, Identifying and Reporting Earmarked Funds,* which totaled $138 million and $149 million as of September 30, 2020, and 2019, respectively. As further discussed in Notes 1 and 2, balances of funds from dedicated collections are those reported in GSA's Special Funds and Trust Funds, within the Other Funds display on the Consolidated Balance Sheets.

15. Employee Benefit Plans

A. Background

Although GSA funds a portion of pension benefits for its employees under the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS), and makes the necessary payroll withholdings, GSA is not required to disclose the assets of the systems or the actuarial data related to accumulated plan benefits or the unfunded pension liability relative to its employees. Reporting the amounts of health care benefits for current and retired employees is the direct responsibility of the Office of Personnel Management (OPM). Further information regarding the Federal retirement plans, details of accumulated benefits, liabilities, background on agency employer contributions, employee contributions, and other financial contributions can be found on the OPM website.

In accordance with FASAB SFFAS 5*, Accounting for Liabilities of The Federal Government*, GSA recognizes the normal cost of pension programs and the normal cost of other post-employment health and life insurance benefits, as defined in that standard, on the Consolidated Statements of Net Cost. While contributions of GSA and participating employees to OPM do cover a significant portion of the normal cost of retirement benefits, the contribution rates defined in law do not cover the full normal cost of those retirement benefits. To achieve the recognition of the full normal cost required by SFFAS 5, GSA records the combination of funded cost for agency contributions, and imputed cost for the portion of normal costs not covered by contributions. GSA's imputed costs relate to business-type activities, employee benefits, and claims to be settled by the Treasury Judgment Fund. However, unreimbursed costs of goods and services other than those identified above are not included in GSA's financial statements. Amounts recognized as normal cost related to contributions, as well as imputed costs are further provided below.

B. Civil Service Retirement System

At the end of FY 2020, 3.0 percent (down from 3.7 percent in FY 2019) of GSA employees were covered by the CSRS, a defined benefit plan. Total GSA (employer) contributions (7.5 percent of base pay for law enforcement employees, and 7.0 percent for all others) to CSRS for all employees were as follows:

15B. Total Employer Contributions to Civil Service Retirement System *(Dollars in Millions)*

	2020	2019
FBF	**$1**	$2
ASF	**1**	1
Other Funds	**1**	1
Total Employer Contributions	**$3**	$4

C. Federal Employees Retirement System

On January 1, 1987, the FERS, a mixed system of defined benefit and defined contribution plans, went into effect pursuant to Public Law 99-335. Employees hired after December 31, 1983, were automatically covered by FERS and Social Security while employees hired before January 1, 1984, elected to either join FERS and Social Security or remain in CSRS. As of September 30, 2020, 96.9 percent (up from 96.1 percent in FY 2019) of GSA employees were covered under FERS. One of the primary differences between the systems is that FERS offers automatic and matching contributions into the Federal Government's Thrift Savings Plan (TSP) for each employee. All employees could invest up to $19,500 and $19,000 in their TSP account in calendar years 2020 and 2019, respectively. In addition, for FERS employees, GSA automatically contributes 1 percent of base pay and matches employee contributions up to an additional 4 percent of base pay. For calendar years 2020 and 2019, total contributions made on behalf of an employee could not exceed $57,000 and $56,000, respectively. For FY 2020 and FY 2019, the GSA (employer) contributions to FERS (33.4 percent of base pay for law enforcement employees and 16 percent for all others) were as follows:

15C. Total Employer Contributions to Federal Employees Retirement System Automatic *(Dollars in Millions)*

	2020	2019
FBF	**$86**	$69
ASF	**57**	45
Other Funds	**51**	42
Total Employer Contributions	**$194**	$156

Additional GSA contributions to the TSP were as follows:

15C. Additional GSA Contributions to Thrift Savings Plan Matching Contributions *(Dollars in Millions)*

	2020	2019
FBF	**$25**	$23
ASF	**17**	15
Other Funds	**14**	14
Total Employer Contributions	**$56**	$52

D. Social Security System

GSA also makes matching contributions for programs of the Social Security Administration (SSA) under the Federal Insurance Contributions Act. For employees covered by FERS, GSA contributed 6.2 percent of gross pay (up to $137,700 and $132,900 in calendar years 2020 and 2019, respectively) to SSA's Old-Age, Survivors, and Disability Insurance Program in both calendar years 2020 and 2019. Additionally, GSA makes matching contributions for all employees of 1.45 percent of gross pay to the Medicare Hospital Insurance program in both calendar years 2020 and 2019. In FY 2020 and 2019, 0.1 percent and 0.2 percent, respectively, of GSA employees are covered exclusively by these programs. Payments to these programs were as follows:

15D . Total Employer Contributions - Social Security System *(Dollars in Millions)*

	2020	2019
FBF	**$41**	$38
ASF	**28**	26
Other Funds	**23**	22
Total Employer Contributions	**$92**	$86

E. Schedule of Unfunded Benefit Costs

Amounts recorded in fiscal years 2020 and 2019, in accordance with FASAB SFFAS 5*, Accounting for Liabilities of The Federal Government*, for imputed post-employment benefits were as follows:

15E . Imputed cost for Post - Employment Benefits *(Dollars in Millions)*

	Pension Benefits	**Health/Life Insurance**	**Total**
2020			
FBF	**$4**	**$35**	**$39**
ASF	**4**	**21**	**25**
Other Funds	**4**	**18**	**22**
Total Unfunded Benefit Costs	**$12**	**$74**	**$86**
2019			
FBF	$14	$32	$46
ASF	11	19	30
Other Funds	10	17	27
Total Unfunded Benefit Costs	$35	$68	$103

In addition to the imputed post-employment benefits noted above, GSA recorded imputed costs for the non-reimbursable payments the Treasury Judgment Fund made on GSA's behalf as noted in GSA's Footnote 10-C.

16. Budget and Accrual Reconciliation

In accordance with requirements of FASAB SFFAS 53, *Budget and Accrual Reconciliation*, the schedule below displays financial components associated with differences in amounts reported as the Net Revenues (Cost) from Operations reported on the Consolidated Statements of Net Cost and amounts reported as Total Net Outlays on the CSBR. Budgetary accounting is used for planning and control purposes, with Net Outlays consisting of the receipt and use of cash, both key elements in reporting the Federal deficit. Financial accounting is intended to provide a picture of the Government's financial operations and financial position, presenting information on an accrual basis of accounting. The accrual basis includes information about costs arising from the acquisition and consumption of assets, other goods and services, and the incurring of liabilities, as well as recognition of certain revenues and associated receivable balances. The reconciliation bridges the balances reported as net outlays, presented on a budgetary basis focused on the disbursement and collection of funds, and the net cost, presented on an accrual basis. The reconciliation further assures integrity of relationships between budgetary and financial accounting. The schedule displays outlay balances comparable to the CSBR, with Net Outlays from Operating Activity based on amounts reported to Treasury on SF 133's, with additions for Distributed Offsetting Receipts to produce Total Net Outlays.

16. FY 2020 Budget and Accrual Reconciliation *(Dollars in Millions)*

	FBF			ASF			Other Funds			Less: Intra-GSA Eliminations			GSA Consolidated		
	Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total
Net Cost of Operations	$—	$—	($436)	$—	$—	($252)	$—	$—	$336	$—	$—	$32	$—	$—	($384)
Components of Net Cost Not Part of the Budget Outlays															
Property, Plant, and Equipment Depreciation	—	(1,711)	(1,711)	—	(610)	(610)	—	(10)	(10)	—	—	—	—	(2,331)	(2,331)
Property, Plant and Equipment Disposal & Reevaluation	—	(16)	(16)	—	(157)	(157)	—	—	—	—	—	—	—	(173)	(173)
Increase/(Decrease) in Assets:															
Accounts Receivables	(21)	(6)	(27)	336	(1)	335	(5)	—	(5)	—	—	—	310	(7)	303
Loans Receivable	—	(1)	(1)	—	—	—	—	—	—				—	(1)	(1)
Other Asset - Regulatory Assets	(52)	—	(52)	30	(4)	26	—	—	—	—	—	—	(22)	(4)	(26)
(Increase)/Decrease in Liabilities															
Accounts Payable	13	(11)	2	(21)	(236)	(257)	4	2	6	—	—	—	(4)	(245)	(249)
Salaries and Benefits	(2)	(6)	(8)	(2)	(4)	(6)	(1)	(3)	(4)	—	—	—	(5)	(13)	(18)
Environmental and Disposal Liabilities	—	(136)	(136)	—	—	—	—	(38)	(38)	—	—	—	—	(174)	(174)
Other Liabilities (Unfunded leave, Unfunded FECA, Actuarial FECA)	38	(2)	36	(1)	(6)	(7)	3	(7)	(4)	—	—	—	40	(15)	25

16 . FY 2020 Budget and Accrual Reconcillation *(Dollars in Millions)*

	FBF			ASF			Other Funds			Less : Intra - GSA Eliminations			GSA Consolidated		
	Intra - governmental	With the Public	Total	Intra - governmental	With the Public	Total	Intra - governmental	With the Public	Total	Intra - governmental	With the Public	Total	Intra - governmental	With the Public	Total
Other Financing Sources :															
Imputed Financing Provided by Others	(57)	—	(57)	(38)	—	(38)	(33)	—	(33)	(32)	—	(32)	(96)	—	(96)
Components of Budget Outlays Not Part of Net Cost :															
Acquisition of Capital Assets	—	2,092	2,092	829	3	832	2	5	7	—	—	—	831	2,100	2,931
Acquisition of Inventory	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other	—	(2)	(2)	—	—	—	—	—	—	—	—	—	—	(2)	(2)
Net Outlays from Operating Activity	—	—	(316)	—	—	(134)	—	—	252	—	—	—	—	—	(198)
Distributed Offsetting Receipts	—	—	—	—	—	—	—	—	(67)	—	—	—	—	—	(67)
Total Net Outlays	**$—**	**$—**	**($316)**	**$—**	**$—**	**($134)**	**$—**	**$—**	**$185**	**$—**	**$—**	**$—**	**$—**	**$—**	**($265)**

16. FY 2019 Budget and Accrual Reconcillation *(Dollars in Millions)*

	FBF			ASF			Other Funds			Less: Intra-GSA Eliminations			GSA Consolidated		
	Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total
Net Cost of Operations	$—	$—	($524)	$—	$—	($220)	$—	$—	$247	($39)	$—	($39)	$—	$—	($536)
Components of Net Cost Not Part of the Budget Outlays															
Property, Plant, and Equipment Depreciation	—	(1,681)	(1,681)	—	(591)	(591)	—	(11)	(11)	—	—	—	—	(2,283)	(2,283)
Property, Plant and Equipment Disposal & Reevaluation	—	—	—	—	(223)	(223)	—	—	—	—	—	—	—	(223)	(223)
Increase/(Decrease) in Assets:	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Accounts Receivables	(60)	(1)	(61)	533	(10)	523	—	—	—	—	—	—	473	(11)	462
Loans Receivable	—	(1)	(1)	—	—	—	—	—	—	—	—	—	—	(1)	(1)
Other Asset - Regulatory Assets	101	(134)	(33)	(7)	(4)	(11)	(1)	—	(1)	—	—	—	93	(138)	(45)
(Increase)/Decrease in Liabilities															
Accounts Payable	(9)	(54)	(63)	32	(598)	(566)	9	(4)	5	—	—	—	32	(656)	(624)
Salaries and Benefits	(1)	(2)	(3)	(1)	(2)	(3)	—	(2)	(2)				(2)	(6)	(8)
Environmental and Disposal Liabilities	—	90	90	—	—	—	—	131	131	—	—	—	—	221	221
Other Liabilities (Unfunded leave, Unfunded FECA, Actuarial FECA)	34	7	41	(2)	(11)	(13)	—	1	1	—	—	—	32	(3)	29

16. FY 2019 Budget and Accrual Reconcillation *(Dollars in Millions)*

	FBF			ASF			Other Funds			Less: Intra-GSA Eliminations			GSA Consolidated		
	Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total
Other Financing Sources:															
Imputed Financing Provided by Others	(65)	—	(65)	(46)	—	(46)	(129)	—	(129)	39	—	39	(201)	—	(201)
Components of Budget Outlays Not Part of Net Cost:															
Acquisition of Capital Assets	—	1,302	1,302	844	3	847	—	6	6	—	—	—	844	1,311	2,155
Acquisition of Inventory	—	—	—	—	1	1	—	—	(38)	—	—	—	—	1	1
Other	—	1	1	—	(2)	(2)	—	—	—	—	—	—	—	(1)	(1)
Net Outlays from Operating Activity			(997)	—	—	(304)	—	—	247	—	—	—	—	—	(1,054)
Distributed Offsetting Receipts	—	—	—	—	—	—	—	—	(38)	—	—	—	—	—	(38)
Total Net Outlays	**$—**	**$—**	**($997)**	**$—**	**$—**	**($304)**	**$247**	**$—**	**$209**	**$—**	**$—**	**$—**	**$—**	**($1)**	**($1,092)**

17. Net Cost by Responsibility Segment

OMB Circular A-136, Financial Reporting Requirements, requires that the presentation aligns with the goals and outcomes identified in the agency's strategic plan. The strategic goals presented in GSA's Consolidated Statements of Net Cost are derived from the missions of the agency's two largest service organizations: PBS, which manages the FBF, and FAS, which manages the ASF.

PBS manages building operations by overseeing the design, construction, leasing, and maintenance of Government-owned and -leased facilities. Responsibility segments include the Government-owned and Leased Building segments.

FAS is organized into five main business portfolios: General Supplies and Services (GS&S), Travel, Transportation and Logistics (TTL), Information Technology Category (ITC), Assisted Acquisition Services (AAS), and Professional Services and Human Capital (PS&HC). FAS provides acquisition services by leveraging the buying power of the Federal Government to obtain best values.

The GSA agency-wide strategic plan goals of providing cost savings to customers, increasing operational efficiency, and delivering excellent customer service are embedded in the missions of its service organizations. Revenues and expenses not associated with PBS or FAS are reported as Working Capital and General Programs. Eliminations of intra-agency activity are recorded against the organization providing the goods or services, displayed in the "ELIM" column. The following tables present the FY 2020 and FY 2019 net operating results by strategic goal for each responsibility segment.

17 . FY 2020 Net Cost by Responsibility Segment Schedule *(Dollars in Millions)*

For the Year Ended September 30, 2020 (Dollars in Millions)													
	FBF - Owned	FBF - Leased	ASF - GS&S	ASF - TTL	ASF - ITC	ASF - AAS	ASF - PS&HC	ASF - Other	WCF	General Funds	GSA Combined	Elim	GSA Consolidated
Manage Building Operations													
Earned Revenues	$5,490	$6,678	$–	$–	$–	$–	$–	$–	$–	$–	$12,168	$69	$12,099
Less: Operating Expenses	4,929	6,803	–	–	–	–	–	–	–	–	11,732	86	11,646
Net Revenues from (Cost of) Operations	561	(125)	–	–	–	–	–	–	–	–	436	(17)	453
Provide Acquisition Services													
Earned Revenues	–	–	1,374	2,112	1,837	11,418	105	142	–	–	16,988	177	16,811
Less: Operating Expenses	–	–	1,372	1,907	1,779	11,339	89	250	–	–	16,736	191	16,545
Net Revenues from (Cost of) Continuing Operations	–	–	2	205	58	79	16	(108)	–	–	252	(14)	266
Working Capital and General Programs													
Earned Revenues	–	–	–	–	–	–	–	–	695	39	734	678	55
Less: Operating Expenses	–	–	–	–	–	–	–	–	707	363	1,070	680	390
Net Revenues from (Cost of) Operations	–	–	–	–	–	–	–	–	(12)	(324)	(336)	(1)	(335)
GSA Consolidated Net Results													
Earned Revenues	5,490	6,678	1,374	2,112	1,837	11,418	105	142	695	39	29,890	925	28,965
Less: Operating Expenses	4,929	6,803	1,372	1,907	1,779	11,339	89	250	707	363	29,538	957	28,581
Net Revenues from (Cost of) GSA Operations	$561	($125)	$2	$205	$58	$79	$16	($108)	($12)	($324)	$352	($32)	$384

17. FY 2019 Net Cost by Responsibility Segment Schedule *(Dollars in Millions)*

For the Year Ended September 30, 2019 (Dollars in Millions)	FBF - Owned	FBF - Leased	ASF - GS&S	ASF - TTL	ASF - ITC	ASF - AAS	ASF - PS&HC	ASF - Other	WCF	General Funds	GSA Combined	Elim	GSA Consolidated
Manage Building Operations													
Earned Revenues	$5,234	$6,622	$—	$—	$—	$—	$—	$—	$—	$—	$11,856	$71	$11,785
Less: Operating Expenses	4,626	6,706	—	—	—	—	—	—	—	—	11,332	91	11,241
Net Revenues from (Cost of) Operations	608	(84)	—	—	—	—	—	—	—	—	524	(20)	544
Provide Acquisition Services													
Earned Revenues	—	—	1,291	2,177	1,770	9,193	96	131	—	—	14,658	184	14,474
Less: Operating Expenses	—	—	1,287	1,951	1,760	9,152	92	196	—	—	14,438	201	14,237
Net Revenues from (Cost of) Continuing Operations	—	—	4	226	10	41	4	(65)	—	—	220	(17)	237
Working Capital and General Programs													
Earned Revenues	—	—	—	—	—	—	—	—	678	39	717	673	44
Less: Operating Expenses	—	—	—	—	—	—	—	—	689	275	964	675	289
Net Revenues from (Cost of) Operations	—	—	—	—	—	—	—	—	(11)	(236)	(247)	(2)	(245)
GSA Consolidated Net Results													
Earned Revenues	5,234	6,622	1,291	2,177	1,770	9,193	96	131	678	39	27,231	928	26,303
Less: Operating Expenses	4,626	6,706	1,287	1,951	1,760	9,152	92	196	689	275	26,734	967	25,767
Net Revenues from (Cost of) GSA Operations	$608	($84)	$4	$226	$10	$41	$4	($65)	($11)	($236)	$497	($39)	$536

18. Reclassification of Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position for FR Compilation Process

To prepare the Financial Report of the U.S. Government (FR), the Department of the Treasury requires agencies to submit an adjusted trial balance, which is a listing of amounts by U.S. Standard General Ledger account that appear in the financial statements. Treasury uses the trial balance information reported in the Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified Balance Sheet, Reclassified Statement of Net Cost, and a Reclassified Statement of Changes in Net Position for each agency, which are accessed using GTAS. Treasury eliminates all intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the FR statements. This note shows GSA's financial statements and GSA's reclassified statements prior to elimination of intragovernmental balances and prior to aggregation of repeated FR line items. A copy of the 2019 FR can be found here: https://www.fiscal.treasury.gov/reports-statements/ and a copy of the 2020 FR will be posted to this site as soon as it is released.

The term "intragovernmental" is used in this note to refer to amounts that result from other components of the Federal Government. The term "Non-Federal" is used in this note to refer to Federal Government amounts that result from transactions with Non-Federal entities. These include transactions with individuals, businesses, non-profit entities, and State, local, and foreign governments.

18. Reclassification of GSA's Balance Sheet for the Federal Financial Report *(Dollars in Millions)*

2020 GSA Balance Sheet		Line Items Used to Prepare 2020 Government-wide Balance Sheet					
Financial Statement Line	**Amount**	**Dedicated Collections Combined**	**Dedicated Collections Eliminations**	**All Other Amounts (with Eliminations)**	**Eliminations Between Dedicated and All Other**	**Total**	**Reclassified Financial Statement Line**
ASSETS							**ASSETS**
Intragovernmental Assets:							Intragovernmental Assets:
Fund Balance with Treasury (Notes 1-D, 2)	$14,643	$162	$–	$14,481	$–	$14,643	Fund Balance With Treasury (Note 3)
Accounts Receivable - Federal, Net (Note 4)	3,852	–	–	3,852	–	3,852	Accounts Receivable - Federal, Net (Note 6)
Capital Lease Payments Receivable (Note 8)	29	–	–	29	–	29	Accounts Receivable - Federal, Net (Note 6)
Unamortized Deferred Charges and Prepayments	96	–	–	96	–	96	Accounts Receivable - Federal, Net (Note 6)
Prepaid Expenses and Advances - Federal	90	–	–	90	–	90	Advances to Others and Prepayments (Note 12)
Total Intragovernmental Assets	18,710	162	–	18,548	–	18,710	Total Intragovernmental Assets
Accounts Receivable - Non-Federal, Net (Note 6)	125	15	–	110	–	125	Accounts Receivable - Non-Federal, Net (Note 6)
Other Assets (Note 5)	75	–	–	75	–	75	Other Assets (Note 12)
Property and Equipment (Notes 1-E, 6):							
Buildings	51,205	–	–	51,205	–	51,205	General Property, Plant, and Equipment, Net
Leasehold Improvements	234	–	–	234	–	234	General Property, Plant, and Equipment, Net
Motor Vehicles	6,474	–	–	6,474	–	6,474	General Property, Plant, and Equipment, Net
Equipment and Other Property	305	–	–	305	–	305	General Property, Plant, and Equipment, Net
Less: Accumulated Depreciation and Amortization	(34,170)	–	–	(34,170)	–	(34,170)	General Property, Plant, and Equipment, Net
Subtotal	24,048	–	–	24,048	–	24,048	Subtotal
Land	1,867	–	–	1,867	–	1,867	General Property, Plant, and Equipment, Net
Construction in Process and Software in Development)	1,446	–	–	1,446	–	1,446	General Property, Plant, and Equipment, Net
Total Property and Equipment, Net	27,361	–	–	27,361	–	27,361	Total General Property, Plant, and Equipment, Net (Note 10)
TOTAL ASSETS	**$46,271**	**$177**	**$–**	**$46,094**	**$–**	**$46,271**	**TOTAL ASSETS**

18. Reclassification of GSA's Balance Sheet for the Federal Financial Report *(Dollars in Millions)*

2020 GSA Balance Sheet		Line Items Used to Prepare 2020 Government-wide Balance Sheet					
Financial Statement Line	**Amount**	**Dedicated Collections Combined**	**Dedicated Collections Eliminations**	**All Other Amounts (with Eliminations)**	**Eliminations Between Dedicated and All Other**	**Total**	**Reclassified Financial Statement Line**
LIABILITIES AND NET POSITION							**LIABILITIES AND NET POSITION**
Intragovernmental Liabilities:							
Accounts Payable and Accrued Expenses - Federal	$55	$—	$—	$55	$—	$55	Accounts Payable - Federal
Judgment Fund Liability	524	—	—	524	—	524	Accounts Payable - Federal
Deferred Revenues and Advances - Federal	644	—	—	596	—	596	Accounts Payable - Federal
		—	—	48	—	48	Advances from Others and Deferred Credits (Note 17)
Amounts Owed to the General Fund	38	38	—	—	—	38	Liability to the General Fund of the U.S. Gov't for Custodial and Other Non-Entity Assets (Note 17)
Other Intragovernmental Liabilities (Note 9)	57	—	—	38	—	38	Benefit Program Contributions Payable (Note 15)
		—	—	19	—	19	Other Liabilities (Without Reciprocals (Note 15)
Total Intragovernmental Liabilities	1,318	38	—	1,280	—	1,318	Total Intragovernmental Liabilities
Accounts Payable and Accrued Expenses - Non-Federal	4,054	1	—	4,043	—	4,044	Accounts Payable - Non Federal
		—	—	10	—	10	Other Liabilities (Notes 17, 18, and 19)
Environmental and Disposal Liabilities (Note 6, 10-B)	1,960	—	—	1,960	—	1,960	Environmental and Disposal Liabilities (Note 16)
Capital Lease and Installment Purchase Liability	694	—	—	664	—	664	Federal Debt and Interest Payable (Note 14)
		—	—	30	—	30	Other Liabilities (Notes 17, 18, and 19)
Unamortized Rent Abatement Liability	559	—	—	559	—	559	Other Liabilities (Notes 17, 18, and 19)
Workers' Compensation Actuarial Liability (Note 7)	123	—	—	123	—	123	Federal Employee and Veteran Benefits Payable (Note 15)
Annual Leave Liability (Note 1-F)	135	—	—	135	—	135	Federal Employee and Veteran Benefits Payable (Note 15)
Deposit Fund Liability	27	—	—	27	—	27	Other Liabilities (Notes 17, 18, and 19)
Other Liabilities (Note 9)	96	—	—	16	—	16	Federal Employee and Veteran Benefits Payable (Note 15)
		—	—	80	—	80	Other Liabilities (Notes 17, 18, and 19)
Total Liabilities (Note 11)	**8,966**	**39**	**—**	**$8,927**	**—**	**8,966**	**Total Liabilities**

Table continued on following page.

18. Reclassification of GSA's Balance Sheet for the Federal Financial Report Continued from Previous Page *(Dollars in Millions)*

2020 GSA Balance Sheet		Line Items Used to Prepare 2020 Government-wide Balance Sheet					
Financial Statement Line	**Amount**	**Dedicated Collections Combined**	**Dedicated Collections Eliminations**	**All Other Amounts (with Eliminations)**	**Eliminations Between Dedicated and All Other**	**Total**	**Reclassified Financial Statement Line**
LIABILITIES AND NET POSITION							**LIABILITIES AND NET POSITION**
Net Position:							
Unexpended Appropriations	933	—	—	933	—	933	Unexpended Appropriations - Funds Other Than Those From Dedicated Collections
Cumulative Results of Operations (Note 14)	36,372	138	—	—	4	142	Cumulative Results of Operations - Funds From Dedicated Collections
		—	—	36,234	(4)	36,230	Cumulative Results of Operations - Funds Other Than Those From Dedicated Collections
Total Net Position	**37,305**	**138**	**—**	**37,167**	**—**	**37,305**	**Total Net Position**
TOTAL LIABILITIES AND NET POSITION	**$46,271**	**$177**	**$—**	**$46,094**	**$—**	**$46,271**	**TOTAL LIABILITIES AND NET POSITION**

18 . Reclassification of GSA Statement of Net Cost for the Federal Financial Report *(Dollars in Millions)*

FY 2020 GSA Statement of Net Cost		Line Items Used to Prepare FY 2020 Government-wide Statement of Net Cost					
Financial Statement Line	**Amount**	**Dedicated Collections Combined**	**Dedicated Collections with Eliminations**	**All Other Amounts (with Eliminations**	**Eliminations Between Dedicated and All Other**	**Total**	**Reclassified Financial Statement Line**
GSA Consolidated Net Results							**GSA Consolidated Net Results**
Earned Revenues	$28,965	$–	$–	$2	$–	$2	Borrowing and Other Interest Revenue (Exchange) (RC 05) /2
		–	–	28,176	(4)	28,172	Buy/Sell Revenue (Exchange) (RC 24) /2
		–	–	5	–	5	Purchase of Assets Offset (RC 24) /2[1]
		–	–	28,183	(4)	28,179	Total Federal Earned Revenue
		–	–	791	–	791	Non-Federal Earned Revenue
		–	–	28,974	(4)	28,970	Total Earned Revenue
Less: Operating Expenses	28,581	1	–	309	–	310	Benefit Program Costs (RC 26)/2
		6	–	1,585	(4)	1,587	Buy/Sell Costs (RC 24)/2
		–	–	96	–	96	Imputed Cost (RC 25)/2
		–	–	5	–	5	Purchase of Assets (RC 24)/2[1]
		–	–	91	–	91	Other Expenses (without reciprocals) (RC 29)
		7	–	2,086	(4)	2,089	Total Federal Gross Costs
		12	–	26,485	–	26,497	Non-Federal Gross Cost
		19	–	28,571	(4)	28,586	Total Gross Costs
Net Revenues from Operations	**$384**	**($19)**	**$–**	**$403**	**$–**	**$384**	**Net Revenues from Operations**

1 *Total revenue and costs will be off by this amount since GSA does not include SGL 880% in our Statement of Net Cost.*

18. Reclassification of GSA Statement of Changes in Net Position for the Federal Financial Report *(Dollars in Millions)*

2020 GSA Statement of Changes in Net Position		Line Items Used to Prepare 2020 Government-wide Statement of Changes in Net Position					
Financial Statement Line	**Amount**	**Dedicated Collections Combined**	**Dedicated Collections Eliminations**	**All Other Amounts (with Eliminations)**	**Eliminations Between Dedicated and All Other**	**Total**	**Reclassified Financial Statement Line**
BEGINNING BALANCE OF NET POSITION:							**BEGINNING BALANCE OF NET POSITION:**
Unexpended Appropriations	$680	$—	$—	$680	$—	$680	Net Position, Beginning of Period
Cumulative Results of Operations	35,528	149	—	35,379	—	35,528	Net Position, Beginning of Period
Net Position Beginning Balance	**36,208**	**149**	**—**	**36,059**	**—**	**36,208**	**Net Position Beginning Balance**
CHANGES IN UNEXPENDED APPROPRIATIONS:							**CHANGES IN UNEXPENDED APPROPRIATIONS:**
Appropriations Received	581	—	—	581	—	581	Appropriations Received as Adjusted (Recissions and Other Adjustments) (RC 41) /1
Appropriations Used	(319)	—	—	(319)	—	(319)	Appropriations Used (RC 39)
Appropriations Adjustments and Transfers (To) From Other Agencies or Funds	(9)	—	—	(8)	—	(8)	Appropriations Received as Adjusted (Recissions and Other Adjustments) (RC 41) /1
		—	—	(1)	—	(1)	Nonexpenditure Transfers-Out of Unexpended Appr and Financing Sources (RC 08) /1
Net Change in Unexpended Appropriations	**253**	**—**	**—**	**253**	**—**	**253**	**Net Change in Unexpended Appropriations**

18. **Reclassification of GSA Statement of Changes in Net Position for the Federal Financial Report** *(Dollars in Millions)*

2020 GSA Statement of Changes in Net Position		Line Items Used to Prepare 2020 Government-wide Statement of Changes in Net Position					
Financial Statement Line	**Amount**	**Dedicated Collections Combined**	**Dedicated Collection Eliminations**	**All Other Amounts (with Eliminations)**	**Eliminations Between Dedicated and All Other**	**Total**	**Reclassified Financial Statement Line**
RESULTS OF OPERATIONS:							**RESULTS OF OPERATIONS:**
Net Revenues From (Cost of) Operations	384	(19)	—	403	—	384	Net Cost of Operations
Appropriations Used (Note 1-C)	319	—	—	319	—	319	Appropriations Expended (RC 38)/1
Non-Exchange Revenue (Notes 1-C, 1-D)	79	—	—	3	—	3	Other Non-Budgetary Financing Sources (RC 29)/1, 9
		39	—	37	—	76	Other Taxes and Receipts
Imputed Financing Provided By Others	96	—	—	96	—	96	Imputed Financing Sources (RC 25)/1
Transfers of Financing Sources (To) From the U.S. Treasury	(78)	(8)	—	2	—	(6)	Accrual for Non-Entity Amounts to be Collected and Transferred to the General Fund of the U.S. Gov't (RC 48)
		39	(39)	—	—	—	Appropriation of Unavailable Special or Trust Fund Receipts Transfers - In (RC 07)/1
		(39)	39	—	—	—	Appropriation of Unavailable Special or Trust Fund Receipts Transfers - Out (RC 07)/1
		(5)	—	—	—	(5)	Other Non-Budgetary Financing Sources (RC 29)/1, 9
		(16)	—	(51)	—	(67)	Non-Entity Collections Transferred to the General Fund of the U.S. Gov't (RC 44)
Transfers of Net Assets and Liabilities (To) From Other Federal Agencies	46	—	—	48	—	48	Transfers-In Without Reimbursement (RC 18)/1
		—	—	(2)	—	(2)	Transfers-Out Without Reimbursement (RC 18)/1
Other	(2)	(2)	—		—	(2)	Non-Entity Collections Transferred to the General Fund of the U.S. Gov't (RC 44)
Net Results of Operations	844	(11)	—	855	—	844	**Net Results of Operations**
ENDING BALANCE OF NET POSITION:							**ENDING BALANCE OF NET POSITION:**
Unexpended Appropriations	933	—	—	933	—	933	Net Position, End of Period
Cumulative Results of Operations	36,372	138	—	36,234	—	36,372	Net Position, End of Period
Net Position Ending Balance	**$37,305**	**$138**	**$—**	**$37,167**	**$—**	**$37,305**	**Net Position Ending Balance**

19. Public-Private Partnerships (P3s)

SFFAS 49*, Public-Private Partnerships,* helps achieve the operating performance and budgetary integrity objectives outlined in SFFAC 1, *Objectives of Federal Financial Reporting,* by making Public-Private Partnerships (P3s) more understandable. This statement establishes principles to ensure that any necessary disclosures about P3s are presented in the agency's AFR. SFFAS 49 mandates that when arrangements with private entities meet certain characteristics, these arrangements must be disclosed in the AFR.

PBS enters into long-term (greater than 5 years) arrangements (contracts) with private corporations, where: 1) There is a risk-reward relationship; 2) The arrangement results in a long-lived asset; and 3) PBS relies on the P3s partner's determination of the performance or return on investment.

Outleases[3]

Outleasing is an asset-management tool to help maximize Federal revenue generation. It is used when a property, or a portion thereof, is vacant and not needed for current or projected agency purposes. It can also be used to encourage certain activities within or near public buildings, such as food courts, farmers markets, rooftop antennas, and motion picture projects.

GSA has several authorities that it may use to enter into outlease agreements with non-federal entities. These include 40 U.S.C. 543, which authorizes the disposal of surplus property by lease and other means; 40 U.S.C. 581(h), which authorizes the lease of certain spaces in public buildings for commercial, cultural, educational, or recreational activity; 54 U.S.C. 306121, which authorizes the lease of historic property, if the lease contains provisions that will adequately ensure the preservation of the historic property; and section 412 of the Consolidated Appropriations Act of 2005 (Public Law No. 108-447), which authorizes the conveyance by lease and other means of real and related personal property, or interests therein.

Some of GSA's outlease arrangements are long-term (i.e., greater than 5 years), and entail 1) a risk-reward relationship; 2) a term that encumbers a significant portion of the economic life of the asset; and 3) rent that is based, in part, on a percentage of gross revenues reported by the tenant. The term of the outlease arrangement can vary, from a single day usage of space, to multiple years in length. Currently the longest outlease term is 65 years.

The general risk of loss to the Federal Government is low, but there is risk associated with an uncured tenant default that may result in a lease termination and unexpected vacancy or damage to the property. In this instance, GSA may incur costs to repair any damage to the property or to operate and maintain the property during any period of vacancy.

3 Non-Federal entity funding sources for outleases is unknown.

The outlease agreements generally require the non-federal entity to assume all of the costs and expenses associated with maintaining and operating the leased property during the term of the agreement.

Agreement amounts due monthly to GSA are shown below for the fixed amounts from Outleases with terms greater than 5 years. The amounts reported below do not include any variable payment portions due to GSA from the business entities sales in outyears, as those are not known.

Energy Savings Performance Contracts with Energy-Service Companies

The National Energy Conservation Policy Act, as amended, authorizes Federal agencies to enter into energy savings performance contracts (individually, an ESPC) with energy service contractors (individually, an ESCO) for the purpose of achieving energy savings and other related benefits. This authority is codified at 42 U.S.C. 8287. Agencies enter into these contracts with limited to no up-front capital costs, thereby minimizing the need for Congressional appropriations. The contractor conducts a comprehensive energy audit for the Federal facility and identifies improvements to save energy. In consultation with the agency, the contractor designs and constructs a project that meets the agency's needs and arranges the necessary funding. The contractor guarantees that the improvements will generate energy cost savings sufficient to pay for the project over the term of the contract. The cost of an ESPC project must be covered by the energy, water, and related cost savings generated at the project site. The ESPC's cost savings must be verified and documented annually. After the contract ends, any additional cost savings accrue to the agency.

Generally, the risk of loss to the Federal Government is low, but there is risk associated with (a) the potential failure of a contractor to provide ongoing satisfactory performance throughout the project lifecycle to ensure that the project is successful as designed; (b) the potential failure of equipment being improperly operated and maintained resulting in less than expected savings; and (c) the potential financial loss from early contract termination could include termination fees. All costs for the actual energy saving equipment installed in GSA's buildings is recognized when the assets are initially accepted, and recognized as installment contract liabilities on the Consolidated Balance Sheets. The payback period with the ESCO varies per arrangement however, it is generally between 10 and 20 years. Since the cost of ESPC projects are intended to be paid for via energy savings with no need for additional funding, if savings are not realized as planned, alternative funding sources may have to be used to satisfy contractual commitments. This potential for a shortfall in energy savings is the primary financial risk related to ESPCs. With regard to any technical performance risk, generally, the ESCO is responsible for ensuring that energy savings are met throughout the performance period.

In the table below, of the total $1,511 million shown as the amount to be paid in future periods, $657 million has been recognized as installment contract liability as of September 30, 2020; $239 million is for the future interest costs associated with the long-term financing of that liability; and $615 million represents the contractual estimate of operations and maintenance support costs to be incurred over the life of the ESPCs.

19. Public-Private Partnerships (P3s) Revenues and Expenses *(Dollars in Millions)*

	2019		2020		Future Periods	
Agreements/Contracts	**Actual Amount Received**	**Actual Amount Paid**	Actual Amount Received	Actual Amount Paid	**Estimated Amount to be Received**	**Estimated Amount to be Paid**
Outleases	**$19**	**$–**	$21	$–	**$255**	**$–**
ESPCs	**$–**	**$90**	$–	$94	**$–**	**$1,511**

20. COVID-19 Activity

Three funds at GSA — the FBF, WCF, and FCSF — received funding through the Coronavirus Aid, Relief, and Economic Security Act to help prevent, prepare and respond to the coronavirus pandemic. Appropriations provided to GSA as well as expenditures as of September 30, 2020 are displayed in the tables below.[4]

20A. COVID-19 Budgetary Resources *(Dollars in Millions)*

	FBF	WCF	FCSF	Total
Appropriations Received	$275	$2	$18	$295
Less: Current Year Obligations	45	1	13	59
Unobligated Balance	**$230**	**$1**	**$5**	**$236**

20B. COVID-19 Expenditures *(Dollars in Millions)*

	FBF	WCF	FCSF	Total
Contractual Services and Supplies	$17	$–	$4	$21
Personnel Compensation and Benefits	14	–	–	14
Acquisition of Assets	–	–	2	2
Total COVID-19 Expenditures	**$31**	**$–**	**$6**	**$37**

4 Note, the impacts to GSA's assets, liabilities, costs, revenues, net position, etc., beyond those displayed above, are immaterial.

21. Funds from Dedicated Collections

GSA receives Dedicated Collections only in our Other Funds category. The amounts are not material to the consolidated financial statements, and are presented in the Reclassified Financial Statements (Note 18).

22. Subsequent Events

Management is not aware of any events or transactions that have occurred subsequent to the balance-sheet date, but prior to the issuance of the financial statements, that have a material effect on the financial statements and therefore require adjustment or disclosure in the statements.

Consolidating Financial Statements

U.S. General Services Administration

Schedule 1

Consolidating Balance Sheets

As of September 30, 2020, and September 30, 2019 *(Dollars in Millions)*

	FEDERAL BUILDINGS FUND		ACQUISITION SERVICES FUND		OTHER FUNDS		LESS: INTRA-GSA ELIMINATIONS		GSA CONSOLIDATED TOTALS	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
ASSETS										
Intragovernmental Assets:										
Fund Balance with Treasury (Notes 1-D, 2)	**$12,489**	$11,905	**$1,267**	$1,143	**$887**	$827	**$—**	$—	**$14.643**	$13,875
Accounts Receivable - Federal, Net (Note 4)	**382**	423	**3,445**	3,070	**66**	42	**41**	48	**3,852**	3,487
Capital Lease Payments Receivable (Note 8)	**28**	36	**1**	2	**—**	—	**—**	—	**29**	38
Unamortized Deferred Charges and Prepayments	**96**	109	**—**	—	**—**	—	**—**	—	**96**	109
Prepaid Expenses and Advances - Federal	**90**	122	**—**	—	**—**	—	**—**	—	**90**	122
Total Intragovernmental Assets	**13,085**	12,595	**4,713**	4,215	**953**	869	**41**	48	**18.710**	17,631
Accounts Receivable - Non-Federal, Net (Note 4)	**6**	12	**103**	104	**16**	9	**—**	—	**125**	125
Other Assets (Note 5)	**36**	39	**39**	34	**—**	—	**—**	—	**75**	73
Property and Equipment: (Notes 1-E, 6)										
Buildings	**51,205**	49,136	**—**	—	**—**	—	**—**	—	**51,205**	49,136
Leasehold Improvements	**217**	272	**13**	14	**4**	4	**—**	—	**234**	290
Motor Vehicles	**—**	—	**6,474**	6,200	**—**	—	**—**	—	**6,474**	6,200
Equipment and Other Property	**127**	140	**134**	189	**44**	174	**—**	—	**305**	503
Less: Accumulated Depreciation and Amortization	**(31,575)**	(29,826)	**(2,559)**	(2,411)	**(36)**	(161)	**—**	—	**(34,170)**	(32,398)
Subtotal	**19,974**	19,722	**4,062**	3,992	**12**	17	**—**	—	**24,048**	23,731
Land	**1,867**	1,719	**—**	—	**—**	—	**—**	—	**1,867**	1,719
Construction in Process and Software in Development	**1,446**	1,402	**—**	—	**—**	—	**—**	—	**1,446**	1,402
Total Property and Equipment, Net	**23,287**	22,843	**4,062**	3,992	**12**	17	**—**	—	**27,361**	26,852
TOTAL ASSETS	**$36,414**	$35,489	**$8,917**	$8,345	**$981**	$895	**$41**	$48	**$46,271**	$44,681
LIABILITIES AND NET POSITION										
Intragovernmental Liabilities:										
Accounts Payable and Accrued Expenses - Federal	**$16**	$20	**$35**	$4	**$22**	$30	**$18**	$27	**$55**	$27
Judgment Fund Liability	**524**	507	**—**	—	**—**	—	**—**	—	**524**	507
Deferred Revenues and Advances - Federal	**591**	655	**6**	7	**47**	42	**—**	—	**644**	704
Amounts Owed to the General Fund	**—**	—	**—**	—	**38**	16	**—**	—	**38**	16
Other Intragovernmental Liabilities (Note 9)	**21**	21	**14**	11	**45**	44	**23**	21	**57**	55
Total Intragovernmental Liabilities	**1,152**	1,203	**55**	22	**152**	132	**41**	48	**1,318**	1,309
Accounts Payable and Accrued Expenses - Non-Federal	**1,034**	1,023	**3,012**	2,777	**8**	10	**—**	—	**4,054**	3,810
Environmental and Disposal Liabilities (Notes 6, 10-B)	**1,917**	1,781	**—**	—	**43**	5	**—**	—	**1,960**	1,786
Capital Lease and Installment Purchase Liability	**694**	711	**—**	—	**—**	—	**—**	—	**694**	711
Unamortized Rent Abatement Liability	**559**	521	**—**	—	**—**	—	**—**	—	**559**	521
Workers' Compensation Actuarial Liability (Note 7)	**71**	67	**39**	37	**13**	12	**—**	—	**123**	116
Annual Leave Liability (Note 1-F)	**59**	49	**40**	34	**36**	30	**—**	—	**135**	113
Deposit Fund Liability	**—**	—	**—**	—	**27**	19	**—**	—	**27**	19
Other Liabilities (Note 9)	**43**	42	**23**	21	**30**	25	**—**	—	**96**	88
Total Liabilities (Note 11)	**5,529**	5,397	**3,169**	2,891	**309**	233	**41**	48	**8,966**	8,473
Net Position:										
Unexpended Appropriations	**533**	338	**—**	—	**400**	342	**—**	—	**933**	680
Cumulative Results of Operations (Note 14)	**30,352**	29,754	**5,748**	5,454	**272**	320	**—**	—	**36,372**	35,528
Total Net Position	**30,885**	30,092	**5,748**	5,454	**672**	662	**—**	—	**37,305**	36,208
TOTAL LIABILITIES AND NET POSITION	**$36,414**	$35,489	**$8,917**	$8,345	**$981**	$895	**$41**	$48	**$46,271**	$44,681

U.S. General Services Administration

Schedule 2

Consolidating Statements of Net Cost

For the Fiscal Years Ended September 30, 2020, and September 30, 2019 *(Dollars in Millions)*

	2020			2019		
	REVENUES	**EXPENSES**	**NET REVENUES FROM (COST OF) OPERATIONS**	REVENUES	EXPENSES	NET REVENUES FROM (COST OF) OPERATIONS
MANAGE BUILDING OPERATIONS						
Building Operations - Government Owned	**$5,490**	**$4,929**	**$561**	$5,234	$4,626	$608
Building Operations - Leased	**6,678**	**6,803**	**(125)**	6,622	6,706	(84)
Subtotal	**12,168**	**11,732**	**436**	11,856	11,332	524
PROVIDE ACQUISITION SERVICES						
General Supplies and Services	**1,374**	**1,372**	**2**	1,291	1,287	4
Travel, Transportation, and Logistics	**2,112**	**1,907**	**205**	2,177	1,951	226
Information Technology	**1,837**	**1,779**	**58**	1,770	1,760	10
Assisted Acquisition Services	**11,418**	**11,339**	**79**	9,193	9,152	41
Professional Services and Human Capital	**105**	**89**	**16**	96	92	4
Other Programs	**142**	**250**	**(108)**	131	196	(65)
Subtotal	**16,988**	**16,736**	**252**	14,658	14,438	220
WORKING CAPITAL FUND AND GENERAL PROGRAMS						
Working Capital Fund	**695**	**707**	**(12)**	678	689	(11)
Other General Funds	**39**	**363**	**(324)**	39	275	(236)
Subtotal	**734**	**1,070**	**(336)**	717	964	(247)
INTRA-GSA ELIMINATIONS						
Less: Intra-GSA Eliminations	**925**	**957**	**(32)**	928	967	(39)
GSA Consolidated Totals	**$28,965**	**$28,581**	**$384**	$26,303	$25,767	$536

The accompanying notes are an integral part of these statements.

U.S. General Services Administration

Schedule 3

Consolidating Statements of Changes in Net Position

For the Fiscal Years Ended September 30, 2020, and September 30, 2019 *(Dollars in Millions)*

	FEDERAL BUILDINGS FUND		ACQUISITION SERVICES FUND		OTHER FUNDS		LESS: INTRA-GSA ELIMINATIONS		GSA CONSOLIDATED TOTALS	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
BEGINNING BALANCE OF NET POSITION:										
Unexpended Appropriations	**$338**	$149	**$–**	$–	**$342**	$280	**$–**	$–	**$680**	$429
Cumulative Results of Operations	**29,754**	29,129	**5,454**	5,187	**320**	171	**–**	–	**35,528**	34,487
Net Position Beginning Balance	**30,092**	29,278	**5,454**	5,187	**662**	451	**–**	–	**36,208**	34,916
CHANGES IN UNEXPENDED APPROPRIATIONS:										
Appropriations Received	**275**	91	**–**	–	**306**	299	**–**	–	**581**	390
Appropriations Used	**(72)**	(22)	**–**	–	**(247)**	(236)	**–**	–	**(319)**	(258)
Appropriations Adjustments and Transfers (To) From Other Agencies or Funds	**(8)**	120	**–**	–	**(1)**	(1)	**–**	–	**(9)**	119
Net Change in Unexpended Appropriations	**195**	189	**–**	–	**58**	62	**–**	–	**253**	251
RESULTS OF OPERATIONS:										
Net Revenues From (Cost of) Operations	**436**	524	**252**	220	**(336)**	(247)	**(32)**	(39)	**384**	536
Appropriations Used (Note 1-C)	**72**	22	**–**	–	**247**	236	**–**	–	**319**	258
Non-Exchange Revenue (Notes 1-C, 1-D)	**1**	8	**–**	–	**78**	63	**–**	–	**79**	71
Imputed Financing Provided By Others	**57**	65	**38**	46	**33**	129	**32**	39	**96**	201
Transfers of Financing Sources (To) From the U.S. Treasury	**–**	–	**(10)**	(7)	**(68)**	(11)	**–**	–	**(78)**	(18)
Transfers of Net Assets and Liabilities(To) From Other Federal Agencies	**32**	6	**14**	8	**–**	–	**–**	–	**46**	14
Other	**–**	–	**–**	–	**(2)**	(21)	**–**	–	**(2)**	(21)
Net Results of Operations	**598**	625	**294**	267	**(48)**	149	**–**	–	**844**	1,041
ENDING BALANCE OF NET POSITION:										
Unexpended Appropriations	**533**	338	**–**	–	**400**	342	**–**	–	**933**	680
Cumulative Results of Operations	**30,352**	29,754	**5,748**	5,454	**272**	320	**–**	–	**36,372**	35,528
Net Position Ending Balance	**$30,885**	$30,092	**$5,748**	$5,454	**$672**	$662	**$–**	$–	**$37,305**	$36,208

The accompanying notes are an integral part of these statements.

U.S. General Services Administration — **Schedule 4**

Combining Statements of Budgetary Resources

For the Fiscal Years Ended September 30, 2020, and September 30, 2019 *(Dollars in Millions)*

	FEDERAL BUILDINGS FUND		ACQUISITION SERVICES FUND		OTHER FUNDS		GSA COMBINED TOTALS	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
BUDGETARY RESOURCES								
Unobligated Balance from Prior Year Budget Authority, Net (Note 13)	**$5,598**	$5,211	**$2,069**	$1,387	**$355**	$329	**$8,022**	$6,927
Appropriations	**275**	211	**–**	–	**333**	321	**608**	532
Spending Authority from Offsetting Collections	**11,049**	11,233	**19,884**	17,441	**743**	727	**31,676**	29,401
Total Budgetary Resources	**16,922**	16,655	**21,953**	18,828	**1,431**	1,377	**40,306**	36,860
STATUS OF BUDGETARY RESOURCES								
New Obligations and Upward Adjustments	**11,706**	11,156	**20,516**	17,518	**1,053**	1,022	**33,275**	29,696
Unobligated Balance, End of Period Apportioned, Unexpired Accounts	**4,611**	4,943	**1,004**	936	**164**	172	**5,779**	6,051
Unapportioned, Unexpired Accounts	**604**	548	**433**	374	**168**	138	**1,205**	1,060
Unexpired Unobligated Balance, End of Period	**5,215**	5,491	**1,437**	1,310	**332**	310	**6,984**	7,111
Expired Unobligated Balance, End of Period	**1**	8	**–**	–	**46**	45	**47**	53
Unobligated Balance, End of Period, Total	**5,216**	5,499	**1,437**	1,310	**378**	355	**7,031**	7,164
Total Status of Budgetary Resources	**16,922**	16,655	**21,953**	18,828	**1,431**	1,377	**40,306**	36,860
OUTLAYS, NET								
Net Outlays from Operating Activity	**(316)**	(997)	**(134)**	(304)	**252**	247	**(198)**	(1,054)
Distributed Offsetting Receipts	**–**	–	**–**	–	**(67)**	(38)	**(67)**	(38)
Total Net Outlays	**($316)**	($997)	**($134)**	($304)	**$185**	$209	**($265)**	($1,092)

The accompanying notes are an integral part of these statements.

Required Supplementary Information (Unaudited)

Deferred Maintenance and Repairs

GSA reports deferred maintenance and repairs (DM&R) consistent with the definition in SFFAS 42,*Deferred Maintenance and Repairs: Amending Statements of Federal Financial Accounting Standards 6, 14, 29, and 32*: Deferred maintenance and repairs are maintenance and repairs that were not performed when scheduled or delayed for a future period. Maintenance and repairs are activities directed toward keeping fixed assets in an acceptable condition. Activities include preventive maintenance; replacement of parts, systems, or components; and other activities needed to preserve or maintain assets. Maintenance and repairs, as distinguished from capital improvements, exclude activities directed towards expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, its current use.

In accordance with SFFAS No. 42, GSA has disclosable DM&R related to its inventory of buildings in the Federal Buildings Fund (FBF). GSA utilizes the Building Assessment Tool (BAT) to determine the amount of all repairs and alterations (R&A) needed to correct major components or system deficiencies in owned buildings (and certain leased buildings where GSA has responsibility for R&A). The BAT is a 38 question survey that provides a biennial assessment of the physical conditions of each building's basic structure and systems and provides an overall assessment of GSA's building inventory. Building assessments electronically document building conditions, with approximately half of GSA's building inventory being surveyed each year. Buildings included in the assessment could be capitalized general PP&E, fully depreciated general PP&E, or non-capitalized general PP&E leased buildings. GSA requires a building assessment for every Government-owned, leased, or delegated asset that meets all the following criteria:

- GSA has R&A responsibility;
- The asset maintains an "active" or "excess" status; and
- The asset has a real property type of "building" or "structure."

GSA uses survey results to develop a multi-year plan for all R&A projects, not just those associated with DM&R, and prioritizes those projects using the established weights within each of the following categories:

- Fire, life, health, and environmental;
- Physical security;
- Serviceability;
- Special emphasis programs; or
- Tenant space alterations.

Data collected through the survey is used to support GSA's overall building assessment, workload planning, and budgeting needs, and is not designed to specifically capture data that would be defined as DM&R. However, subsets of the workload planning directly result from conditions classified as

DM&R. GSA has determined, from analysis of data in the BAT, that when applying certain criteria, results can be used to provide a reasonable estimate to meet the FASAB DM&R reporting requirements. At the end of fiscal years 2020 and 2019, based on the analysis of the BAT results, GSA estimates the total cost of DM&R to be approximately $2.53 billion and $1.93 billion, respectively, for activities categorized as work needing to be performed immediately to restore or maintain acceptable conditions within the building inventory.

GSA measures the condition of its inventory of buildings by using an industry accepted metric called the Facility Condition Index (FCI). The FCI is the ratio between total repair and alteration needs and the functional replacement value of an asset (i.e., repair needs divided by the asset's replacement value). Based on the end of FY 2020 BAT data, approximately 70.96 percent of GSA's inventory, according to square footage, is considered in "Good Condition," with an FCI of 10 percent or less. There has been no significant change in reporting methodology in deferred maintenance and repairs from prior years.

Supplemental Schedule of Budgetary Resources

In its principal financial statements, GSA displays balances for the two major funds (FBF and the Acquisition Services Fund) while combining all remaining funds into an "Other Funds" group. Within the Other Funds group, The Working Capital Fund (WCF) and Technology Modernization Fund (TMF) make up approximately 66 percent of the total budgetary resources. As these funds are a very significant component of the total Other Funds budgetary results, below is a schedule showing the activities of WCF, TMF, and Other Funds for the years ended September 30, 2020 and 2019 (dollars in millions).

	OTHER FUNDS EXCLUDING WCF AND TMF		WORKING CAPITAL FUND		TECHNOLOGY MODERNIZATION FUND		OTHER FUNDS TOTAL	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
BUDGETARY RESOURCES								
Unobligated Balance from Prior Year Budget Authority, Net	**$158**	$130	**$141**	$133	**$56**	$66	**$355**	$329
Appropriations	**306**	302	**2**	—	**25**	19	**333**	321
Spending Authority from Offsetting Collections	**44**	42	**693**	684	**6**	1	**743**	727
Total Budgetary Resources	**508**	474	**836**	817	**87**	86	**1,431**	1,377
STATUS OF BUDGETARY RESOURCES								
New Obligations and Upward Adjustments	**337**	312	**715**	709	**1**	1	**1,053**	1,022
Unobligated Balance, End of Period								
Apportioned, Unexpired Accounts	**68**	62	**36**	26	**60**	84	**164**	172
Unapportioned, Unexpired Accounts	**57**	55	**85**	82	**26**	1	**168**	138
Unexpired Unobligated Balance, End of Period	**125**	117	**121**	108	**86**	85	**332**	310
Expired Unobligated Balance, End of Period	**46**	45	**—**	—	**—**	—	**46**	45
Unobligated Balance, End of Period, Total	**171**	162	**121**	108	**86**	85	**378**	355
Total Status of Budgetary Resources	**508**	474	**836**	817	**87**	86	**1,431**	1,377
OUTLAYS, NET								
Net Outlays from Operating Activity	**261**	256	**(3)**	(9)	**(6)**	—	**252**	247
Distributed Offsetting Receipts	**(67)**	(38)	**—**	—	**—**	—	**(67)**	(38)
Total Net Outlays	**$194**	$218	**($3)**	($9)	**($6)**	$—	**$185**	$209

impactfulcollaborativefocused

vigilantexceptionaltalented

exemplarysynergyunitedresilientstrong

Other Information (Unaudited)

resourcefulperserveranceamazing

resoluteindefatigableinspiringcommitted

extraordinaryresourcefulperserverance

amazingresoluteindefatigable

inspiringcommittedimpactful

impactfulcollaborativefocused

superiorunitedresilientstrongsteadfast

vigilantexceptionalexemplary

synergytalentedsteadfast

alignedinsightfulsuperiordetermined

GSA helping federal, state, and local partners meet their missions

U.S. General Services Administration
Office of Inspector General

October 15, 2020

TO: EMILY W. MURPHY
ADMINISTRATOR (A)

FROM: CAROL F. OCHOA
INSPECTOR GENERAL (J)

SUBJECT: Assessment of GSA's Management and Performance Challenges for Fiscal Year 2021

As required by the Reports Consolidation Act of 2000, Public Law 106-531, we have prepared for inclusion in the Fiscal Year 2020 Agency Financial Report the attached statement summarizing what we consider to be the most significant management and performance challenges facing GSA in Fiscal Year 2021.

This year we have identified significant challenges in the following areas:

1. Establishing and Maintaining an Effective Internal Control Environment
2. Improving Contract Administration
3. Enhancing Government Procurement
4. Maximizing the Performance of GSA's Real Property Inventory
5. Implementing GSA's Role Under the Comprehensive Plan for Reorganizing the Executive Branch
6. Managing Agency Cybersecurity Risks
7. Managing Human Capital Efficiently to Accomplish GSA's Mission
8. Safeguarding Federal Facilities and Providing a Secure Work Environment
9. Managing the Impact of COVID-19

Please review at your earliest convenience. If you have any questions or wish to discuss our assessment further, please call me at (202) 501-0450. If your staff needs any additional information, they may also contact R. Nicholas Goco, Assistant Inspector General for Auditing, at (202) 501-2322.

Attachment

1800 F Street, NW, Washington, DC 20405

Challenge 1: Establishing and Maintaining an Effective Internal Control Environment

GSA continues to face significant challenges in establishing a comprehensive and effective system of internal control. GSA is required to establish and maintain internal controls through the Federal Managers' Financial Integrity Act of 1982; Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*; and the Government Accountability Office's (GAO's) *Standards for Internal Control in the Federal Government*. However, we remain concerned about GSA's control environment.

Importance of Internal Control

Internal control is integral to an agency's success. An effective internal control system helps an agency adapt to shifting environments, evolving demands, changing risks, and new priorities. Most importantly, it helps government program managers achieve desired results by providing reasonable assurance that the agency is meeting three fundamental objectives:

- Effectiveness and efficiency of operations;
- Reliability of reporting for internal and external use; and
- Compliance with applicable laws and regulations.

To meet these objectives, management is responsible for designing, implementing, and monitoring control activities to ensure the system of internal control is operating effectively. Internal control must be built into the agency's infrastructure to ensure the proper stewardship of public resources. The system of internal control should be the first line of defense in safeguarding assets and preventing and detecting errors and fraud. Accordingly, management must recognize that internal control is not one event, but a series of actions that occur throughout the entity's operation to achieve its objectives.

Continuing Internal Control Problems

In our *Assessment of GSA's Management and Performance Challenges* for Fiscal Years (FYs) 2019 and 2020, we cited pervasive internal control weaknesses as a challenge for GSA. In response, GSA asserted that it has placed significant management attention toward demonstrating the Agency's commitment to improving its system of internal controls. Among other things, GSA management has implemented mandatory internal control training for all Agency employees, heightened its focus on audit resolution, and established an internal control working group designed to examine audit findings and develop corrective action plans from an Agency-wide perspective.

Notwithstanding these efforts, our office continues to identify internal control weaknesses across a broad spectrum of GSA programs, operations, and acquisitions. Taken together, our findings indicate the need for direct management attention to develop a more effective internal control environment across GSA.

Over the past year, we have identified numerous internal control breakdowns, which demonstrate that GSA should continue its efforts to address this management challenge. For example:

- In June 2020, we found that GSA failed to timely update the exclusion status for suspended and debarred contractors in its eTools, which consist of GSA *Advantage!*, GSA eLibrary, and GSA eBuy.[1] As a result, federal agencies can unknowingly execute contract actions, including new contract awards, with contractors that have been suspended or debarred. We found several instances where excluded contractors were incorrectly listed on GSA's eTools and one instance where an agency purchased services off a GSA Multiple Award Schedule (MAS) contract from an excluded contractor. In addition, exclusion information for suspended and debarred contractors was not entered into GSA's System of Award Management in accordance with federal regulations. We found that agencies are selecting incorrect classification types, omitting the unique entity identifier, inputting incorrect contractor addresses, and omitting cross-reference data. This can prevent agencies from discovering the affiliations between entities with active exclusions and could lead to suspended and debarred contractors improperly receiving government awards.

- In June 2020, we issued an alert memorandum stating that GSA's Public Buildings Service (PBS) did not take appropriate action to protect the city of Raleigh, North Carolina, from environmental hazards identified at the Terry Sanford Federal Building and Courthouse.[2] According to PBS studies, cross-connected pipes were causing raw sewage to discharge from the Terry Sanford Federal Building and Courthouse into the local stormwater system and adjoining waterways, likely in violation of the Clean Water Act and various local ordinances. PBS records indicate that personnel in GSA's Southeast Sunbelt Region were made aware of the issues at least as far back as November 2012. Nonetheless, PBS failed to take appropriate action to fix the problem or report it to the City of Raleigh or the Environmental Protection Agency. Pervasive non-compliance with rules and regulations continue to plague GSA. In this instance, its slow response to address the contamination led to violations of local environmental regulations.

In some cases, GSA failed to acknowledge identified internal control problems and subsequently failed to take the appropriate corrective actions to address the issue. This serves

---

[1] *Audit of GSA's Controls to Prevent Contracting With Suspended and Debarred Contractors* (Report Number A180104/Q/2/P20004, June 19, 2020).

[2] *Alert Memorandum: Raw Sewage from the Terry Sanford Federal Building and Courthouse in Raleigh, North Carolina, is Discharging into Local Waterways* (Memorandum Number A190100-2, June 3, 2020).

to undermine the effectiveness of GSA's internal control environment, as illustrated by the example below:

- The GSA Federal Acquisition Service's (FAS's) failure to enforce existing policy and ensure that contracting officers' use of pricing tools complied with the Federal Acquisition Regulation (FAR) resulted in contracting officers using flawed methodologies and practices when performing analyses with pricing tools.[3] In December 2019, we issued a report that found that FAS contracting officers relied either solely or primarily on pricing tools to establish price reasonableness, inappropriately based pricing comparisons on labor categories that were not the "same or similar," used inconsistent sampling methods, and used an inappropriate basis to establish acceptable price ranges. We also found that the data in the Contract-Awarded Labor Category tool is incomplete, inaccurate, and duplicative; and as a result, may skew the price analyses. Finally, we found that FAS contracting officers did not adequately document their use of the pricing tools to support price analyses and pricing determinations.

  We recommended that FAS discontinue the use of the Contract-Awarded Labor Category tool and Contract Operations Division Contractors Database pricing tools until comprehensive policy, guidance, and controls are established and implemented to ensure resultant price analyses are valid. Although FAS agreed to develop and maintain a user guide for the Contract-Awarded Labor Category tool to support FAS contracting officers in appropriate use of the tool, the then-Acting FAS Commissioner disagreed to suspend the use of these pricing tools while that guidance was developed. She asserted that a temporary cessation in the use of these tools would result in decreased efficiencies and increased costs. However, it is highly inefficient and ineffective for FAS to use flawed methodologies and practices when performing analyses with the pricing tools. Using defective price analyses decreases the government's buying power in negotiations and could result in federal agencies overpaying for services. Moreover, FAS's response to this recommendation contradicts the fundamental internal control objective of effective and efficient operations.

During FY 2020, we continued to find cases where GSA has acknowledged control deficiencies but has not taken comprehensive actions necessary to address the problems. This has resulted in long-standing deficiencies in key Agency programs. As discussed below, our office identified significant problems with GSA's management of contract employee access cards, compliance with federal contract competition requirements in GSA's National Capital Region (NCR), and performance and appraisal system for senior executives:

- In March 2016, the GSA Office of Inspector General's (OIG's) Office of Inspections issued an evaluation of GSA's management of contract employee access cards, or Personal

[3] *FAS's Use of Pricing Tools Resulted in Insufficient Price Determinations* (Report Number A180068/Q/3/P20002, December 23, 2019).

Identity Verification (PIV) cards.[4] The Office of Inspections found that: (1) GSA did not consistently collect and destroy inactive GSA contract employee PIV cards in accordance with the FAR and Agency policy; (2) contract employees used expired PIV cards to access GSA-managed facilities; (3) GSA did not comply with PIV card issuance requirements; and (4) data in the GSA Credential and Identity Management System (GCIMS), the authoritative source of information for PIV card and background investigation processes, was inaccurate and incomplete. These security control weaknesses increase the risk of unauthorized access to GSA-managed facilities, which in turn increases the risk of a security event, such as an active shooter, terrorist attack, theft of government property, or exposure of sensitive information. GSA agreed with our findings to address vulnerabilities, stating it would implement corrective actions for the recommendations.

Since the release of the Office of Inspections' report in 2016, we have highlighted concerns over GSA's access card management in our annual assessments of the Agency's management and performance challenges.[5] Our assessments reiterated that GSA's mismanagement of access cards has increased the risk of unauthorized access of Agency facilities and data.

Based on an audit conducted in response to these long-standing concerns, we issued an alert memorandum in November 2019 in which we identified continuing concerns with GSA's tracking of contract employee PIV cards.[6] We found that, according to the data in GCIMS, GSA could not account for approximately 15,000 PIV cards issued to contract employees. These cards can be used to gain unauthorized access to federal buildings and systems, thereby presenting a significant security risk to GSA personnel, property, and data. GSA initiated steps to address the findings in our alert memorandum; nonetheless, as of July 2020, over 12,000 contractor PIV cards remained unaccounted for, according to GCIMS data.

- Since 2013, our office has repeatedly reported on PBS National Capital Region's (PBS NCR's) noncompliance with federal competition requirements when awarding contracts.[7] Most recently, in September 2020, we reported that PBS NCR's poor contracting practices and insufficient oversight contributed to missed opportunities to

---

[4] *GSA Facilities at Risk: Security Vulnerabilities Found in GSA's Management of Contractor HSPD-12 PIV Cards* (Report Number JE16-002, March 30, 2016).

[5] *Assessment of GSA's Major Management Challenges* for FYs 2017, 2018, 2019, and 2020.

[6] *Alert Memorandum: GSA Cannot Account for Thousands of Personal Identity Verification Cards Issued to GSA Contract Employees* (Memorandum Number A190085-2, November 22, 2019).

[7] See for example, *Summary of Systemic Procurement Issues within GSA's National Capital Region* (Memorandum Number A120171, November 7, 2013); *Limited Scope Audit – Operations and Maintenance Services Contract at St. Elizabeths* (Report Number A150048/P/R/R16001, March 2, 2016); and *PBS National Capital Region's $1.2 Billion Energy Savings Performance Contract for White Oak Was Not Awarded or Modified in Accordance with Regulations and Policy* (Report Number A150009/P/5/R17006, August 24, 2017).

compete contracts and ensure fair and reasonable prices for the federal government.[8] We found that PBS NCR contracting staff often did not prepare acquisition plans and justifications for other than full and open competition, and PBS NCR management often did not provide oversight of the procurements. Additionally, PBS NCR's contract files for contracts awarded without competition lacked evidence of price reasonableness determinations.

Although PBS NCR acknowledged our findings and has provided ongoing and planned actions to address our concerns, management's failure to establish effective internal controls to ensure PBS NCR acquisition personnel comply with federal competition requirements is troubling. Competition in contracting is critical to ensuring the federal government awards contracts to responsible and high-performing contractors at fair and reasonable prices. However, PBS NCR, which manages the largest inventory of federal workspace in the smallest geographic area of all GSA regions, has maintained a pattern of competition violations, continually failing to comply with competition laws, rules, and regulations.

- In May 2013, we issued a report identifying significant problems with GSA's performance and appraisal system for senior executives. Among other things, we reported that GSA's performance and award practices for senior executives violated legal requirements. We also reported that GSA did not have adequate award policy in place for its senior executives. Further, it failed to accurately disclose its senior executive evaluation and award processes and results to the Office of Personnel Management (OPM) and Congress.

  In a June 2020 report, we detailed continued deficiencies in GSA's performance and appraisal system for senior executives.[9] Although GSA acknowledged deficiencies in the executive performance recognition and awards process identified in our May 2013 report, it failed to take corrective actions to address all of the report findings.[10] We found continuing issues with practices regarding initial summary ratings and meaningful higher-level review, timely performance plans, publication of Performance Review Board membership, and prohibited award practices.

  For example, we noted that persistent problems with timely performance plans continued from our May 2013 report through FY 2018. Specifically, from FY 2016 through FY 2018, we found 126 instances in which executives received their plans more

---

[8] *Audit of Competition in the Public Buildings Service's Nation Capital Region* (Report Number A190019/P/R/R20010, September 23, 2020).

[9] *GSA's Performance and Appraisal System for Senior Executives Remains Deficient* (Report Number JE20-001, June 9, 2020).

[10] *GSA Practices for Executive Performance Recognition and Awards* (Report Number JEF12-017-000, May 16, 2013).

> than 90 days after the beginning of their appraisal period, violating federal regulations. Of particular concern, in FY 2018, 89 percent of executives received their performance plans more than 90 days after the appraisal period began, and the executives and their supervisors did not sign most plans until approximately 180 days after the performance period started.
>
> In addition to untimely performance plans, we found that GSA adjusted one executive's annual summary rating based on information obtained after issuance, a violation of federal regulations. This resulted in a second performance award payment to the executive, despite federal regulations permitting only a single, lump-sum payment. GSA also provided inaccurate information to OPM that portrayed these two performance awards as one. GSA continues to violate federal regulations previously identified in 2013 and does not adhere to internal policy and guidance.

Internal control serves as the first line of defense in safeguarding assets and helping managers achieve desired results through effective stewardship of public resources. However, the examples above demonstrate the need for direct management attention to develop a more effective internal control environment across GSA. GSA management should therefore continue its efforts to implement a more effective system of internal control to ensure the Agency consistently complies with laws and regulations, produces accurate and reliable reports, and operates effectively.

Challenge 2: Improving Contract Administration

GSA faces a challenge in providing appropriate oversight of its contracts and leases. As the acquisition and real property management arm of the federal government, GSA is responsible for the procurement of billions of dollars' worth of products, services, and facilities for federal government agencies. After award, GSA is required to provide effective oversight of its contracts and leases to ensure that the government is receiving the goods and services it is paying for and to protect taxpayer dollars against the risk of waste, fraud, and abuse. Although oversight is a requirement for all contracts and leases, our audit reports have repeatedly identified instances where oversight was either insufficient or lacking entirely.

Although GSA has taken, or is taking, corrective actions to address specific audit findings, issues remain. GSA should take comprehensive and proactive steps to improve contract and lease administration practices across the Agency. Without the appropriate level of oversight, GSA risks undetected fraud, waste, and abuse and violations of the FAR.

In FY 2019 and FY 2020, our reports cited numerous examples of poor contract and lease administration practices, resulting in violations of laws and regulations, deviations from policies, unfulfilled customer support, and waste of taxpayer funds. For example:

- In March 2020, we issued an audit report that identified ineffective and inconsistent oversight of how Energy Savings Performance Contracts (ESPCs) complied with the requirements of the Federal Energy Management Program and the FAR, which resulted in PBS not achieving expected energy and cost savings.[11] Due to inadequate oversight, PBS failed to achieve guaranteed cost savings on two ESPC projects and continues to risk paying for unsupported and overstated operations and maintenance savings.

  PBS did not maintain complete contract files or complete contractor performance assessments as required by the FAR. As a result, PBS did not provide effective oversight of the ESPCs, which could jeopardize the government's investment and waste taxpayer dollars. Additionally, a lack of training on measurement and verification and staff continuity issues contributed to the inadequate oversight by PBS.

- In February 2020, we reported that the PBS Northwest/Arctic Region Service Center did not provide effective oversight of its lease and service contracts.[12] We found that lease administration managers did not conduct annual lease inspections and maintain complete lease file documentation as required. Additionally, contracting officer's representatives did not ensure that service contractors met the contracts' performance standards. As a result, PBS and tenant agencies paid for services that they did not receive.

- In June 2019, we issued an audit report that identified deficiencies in FAS's oversight of a task order awarded to assist the government-wide transition to the new 15-year, $50 billion Enterprise Infrastructure Solutions (EIS) contract.[13] We found that FAS's ineffective administration of the task order resulted in high rates of spending with minimal transition progress. Further, we found that inadequate oversight of the task order invoices led to payments for unqualified employees and travel claims that were inaccurately billed and not pre-approved.

- In our FY 2019 Federal Information Security Modernization Act of 2014 evaluation, performed by an independent public accountant (IPA), the IPA determined that GSA lacked a formal review and acceptance process for deliverables designed to monitor security and compliance for both third-party systems selected for testing. The IPA determined that for the tested contractor information systems, there was only partial or no evidence of certain required deliverables used to monitor contractors' compliance with GSA security requirements. Although GSA received the information from the

[11] *PBS's $1.7 Billion Energy Savings Performance Contracts Are Not Achieving Energy and Cost Savings Due to Inadequate Oversight* (Report Number A180017/P/5/R20004, March 27, 2020).

[12] *GSA's PBS Northwest/Arctic Region Service Center Does Not Effectively Administer Lease and Service Contracts* (Report Number A180053/P/4/R20002, February 20, 2020).

[13] *Insufficient Management of Transition Support May Impede the Government-Wide Transition to Enterprise Infrastructure Solutions* (Report Number A170103/Q/T/P19003, June 28, 2019).

contractors, there was no formal review and acceptance of the deliverables. Failure to properly review and accept the deliverables might result in security weaknesses that are not tracked by GSA for remediation by the contractor. The IPA has identified control deficiencies every year since the FY 2015 evaluation.

Taken together, these examples demonstrate that GSA needs to address challenges in its oversight of its contracts and leases. Accordingly, GSA should take comprehensive and proactive steps to improve its oversight of contracts and leases to protect the Agency against the risk of undetected fraud, waste, and abuse and violations of applicable laws and regulations.

Challenge 3: Enhancing Government Procurement

One of GSA's strategic goals for FY 2021 is to establish itself as the premier provider of efficient and effective acquisition solutions across the federal government. As an integral part of GSA, FAS has significant responsibility in meeting this goal and is undertaking the following acquisition solution initiatives:

- Transforming the Multiple Award Schedules Program (Schedules Program);
- Managing supply chain risk in accordance with FY 2019 National Defense Authorization Act (NDAA), Section 889;
- Implementing procurement through commercial e-commerce portals; and
- Transitioning customers to the new EIS contract.

While the above initiatives are intended to help FAS meet GSA's strategic goal and ensure compliance with recent legislation, they also significantly change FAS's processes and programs and create challenges to meeting FAS's own mission, which according to its FY 2021 Budget Estimate is to "provide an exceptional customer experience by delivering best value goods and services through an increasingly digital environment."

Transforming the Schedules Program

FAS has implemented several initiatives and tools, dating back to 2016, to transform its Schedules Program. These include distinct transformation projects aimed at consolidating schedules, improving pricing using transactional data reporting (TDR) and automated pricing tools, and changing rules and regulations to make the buying experience easier for user agencies. As detailed below, these projects will have a significant effect on the Schedules Program. With the simultaneous deployment of these initiatives and tools, FAS is challenged to ensure they are effectively implemented, managed, and evaluated so that FAS meets its core objective to leverage the government's buying power.

Consolidated Schedules. In an effort to reduce redundancy and duplication of services, products, and solutions across multiple acquisition centers, FAS is consolidating its current 24 schedules into a single, all-encompassing GSA schedule. FAS rolled out a new solicitation for the consolidated schedule at the start of FY 2020 that applied to new schedule offers. Existing schedule contracts were converted to the new consolidated schedule via a required contract modification, which contained an acceptance cutoff date of July 31, 2020.

FAS expects this consolidation to reduce the administrative and contractual burden of maintaining duplicate contracts and allow schedule contractors to provide "total solutions" without maintaining multiple schedules. As the consolidation enters its final phase, FAS continues to work through the challenges created by transforming a program as large as the Schedules Program. These final challenges include helping companies develop a plan for merging multiple contracts into one and ensuring each surviving contract is assigned to an acquisition center with the expertise to administer it properly.

Pricing for MAS Contracts. Since 2016, FAS has been changing how it determines fair and reasonable pricing for some of its MAS contracts. Prior to 2016, FAS negotiated pricing for all MAS contracts to achieve the contractor's "most favored customer" pricing and discounts under similar conditions based on the contractor's commercial sales. However, FAS has moved away from using commercially comparable pricing on all of its contracts. FAS has instead taken steps to base some fair and reasonable pricing determinations on government contracts for similar items.

In 2016, FAS implemented the TDR pilot, GSA Acquisition Regulation (GSAR) 538.270-2, *Evaluation of offers with access to transactional data*, which does not require commercial sales practices information but, rather, establishes an order of preference that prioritizes prices paid information as the primary basis to determine price reasonableness. Since then, GSA has collected nearly 7 million line items of schedule contractors' TDR data; however, we question the reliability of the TDR data for use in price analysis. In GSA Administrator Emily Murphy's November 15, 2019, *Response to OIG's Assessment of GSA's Management and Performance Challenges, Fiscal Year 2020*, she acknowledged ongoing data quality issues, as has FAS throughout the TDR pilot. Nonetheless, GSA extended the pilot through 2021.

When a price reasonableness determination cannot be made using prices paid information, contracting officers are advised to use contract-level pricing information from other MAS and government-wide contract vehicles for same or similar items to determine price reasonableness. Typically, FAS contracting personnel use automated pricing tools developed by FAS, such as the Contract Awarded Labor Category (CALC) tool on services contracts and the Price Point Plus Portal Tool on products to gather contract-level pricing information.

The CALC tool is designed to assist contracting officers in conducting market research using a database of MAS contract prices for approximately 58,000 labor categories on over 2,300 contracts. The Price Point Plus Portal Tool is a price evaluation tool that collects data on tens of millions of products and their pricing and identifies if an offered item's pricing is too expensive compared to other suppliers selling identical items. According to FAS, automated pricing tools are used as one of several methods to conduct market research. However, in December 2019, we reported that FAS contracting officers often relied exclusively on automated pricing tools to make pricing determinations for services contracts, especially when a contractor opted into the TDR pilot.[14]

Our report identified significant flaws in FAS's use of these pricing tools, particularly when used as the sole basis for pricing determinations. For example, we found that contracting officers failed to use the tools in accordance with federal regulations, FAS pricing policies, and the intent of the Schedules Program. When using these tools, FAS contracting officers also failed to document their price analyses as required. Additionally, we found that the data in the CALC tool was incomplete and unreliable. Taken together, these findings demonstrate that FAS faces significant challenges to ensure that its use of pricing tools achieves fair and reasonable pricing that represents the best value for government purchasers.

Managing Supply Chain Risk

Section 889, Part A, of the FY 2019 NDAA, effective August 13, 2019, prohibits the government from purchasing restricted telecommunications equipment or services (prohibited telecom) from certain Chinese telecommunications companies and from working with contractors that use such products. Section 889, Part B, effective August 13, 2020, prohibits the government from contracting with any entity that uses telecommunications equipment or services produced by certain Chinese companies as a substantial or essential component of any system, or as a critical technology as part of any system. To comply with Section 889, Parts A and B, GSA is challenged with identifying prohibited telecom and contractors that should be removed from government-wide contracts.

GSA plays an important role in the federal government's Supply Chain Risk Management initiatives. Supply chain risk can include:

- Product and service risk (e.g., cybersecurity vulnerabilities, counterfeit goods, and product tampering);
- Contractor organization and employees risk (e.g., bribery, prohibited companies, and human trafficking);
- Regulatory compliance risk (e.g., Buy American Act, Trade Agreements Act);
- Price risk (e.g., fluctuation in cost of materials and currencies); and
- Disruptions risk (e.g., natural disasters, geopolitical events, and commodity shortage).

GSA is challenged with developing an overall Supply Chain Risk Management strategy and implementation plan to govern Supply Chain Risk Management activities, including prioritizing risk assessments of critical assets, systems, mission, components, and services.

---

[14] *FAS's Use of Pricing Tools Results in Insufficient Price Determinations* (Report Number A180068/Q/3/P20002, December 23, 2019).

Implementing Procurement through Commercial E-Commerce Portals

Section 846 of the FY 2018 NDAA, *Procurement through Commercial E-Commerce Portal*, requires FAS, in coordination with OMB, to establish a government-wide program to procure products through multiple commercial e-commerce portals. The intent of the program is to enhance competition, expedite procurement, and gather market research for routine commercial acquisitions to enable contracting officers to focus on complex, high-value acquisitions. In June 2020, FAS awarded three contracts for a preliminary test version of the e-commerce portals.

The implementation of government-wide e-commerce portals is a complex endeavor requiring FAS to address multiple challenges as it tests the portals, including:

- **Use of benchmarks and metrics.** FAS needs effective benchmarks and metrics to evaluate the results from commercial e-commerce portals; however, necessary baseline data may not exist or may only be obtained once the portals are in use. Moreover, FAS cannot meaningfully evaluate the performance and benefits of the portals until significant adoption occurs. The adoption rate is unknown as use of these commercial e-commerce portals is voluntary. FAS will be further challenged to differentiate the results related to the commercial e-commerce portals from those related to other recent changes throughout the acquisition marketplace, such as the Schedules Program consolidation and the increase of the micro-purchase threshold to $10,000.[15]

- **Balancing commercial practices with federal regulations.** FAS needs to balance adopting commercial practices while adhering to federal regulations and policies. FAS and other stakeholders have acknowledged this challenge since Section 846 of the FY 2018 NDAA was enacted. For example, federal regulations and policies related to competition, data and physical security, and small business usage were established to protect the government and support various public policy initiatives. Moreover, an Executive Order and a Department of Homeland Security report, both released earlier this year, have heightened attention to counterfeiting and supply chain risk in e-commerce acquisitions.[16] Applying federal requirements to purchases made through the e-commerce portals may hinder the government's ability to streamline procurement, reduce the pool of companies vying to be portal providers, negatively affect pricing, and contravene the instructions of Section 846 to maximize the use of commercial terms and conditions.

---

[15] A micro-purchase is an acquisition of supplies or services using simplified acquisition procedures below an established dollar threshold.

[16] Executive Order 13904, *Ensuring Safe and Lawful E-Commerce for US Consumers, Businesses, Government Supply Chains, and Intellectual Property Rights Holders* (January 31, 2020); U.S. Department of Homeland Security report, *Combating Trafficking in Counterfeit and Pirated Goods* (January 24, 2020).

- **Use of e-commerce portal data.** To address portal providers' use of data from purchases, FAS incorporated the data protection requirements of Section 838 of the FY 2019 NDAA into the e-commerce portal solicitation. In addition, the solicitation specifies that the data is proprietary to the government. While these inclusions establish contractual requirements, FAS must monitor and enforce them to ensure the appropriate protection and use of collected data by portal providers.

- **Impact on existing acquisition programs.** FAS needs to assess the effects of the e-commerce portals on existing acquisition programs. While FAS's goal is to focus on open-market spending, it is possible that the portals could have unintended negative consequences for other acquisition programs. For example, purchases through these portals cannot exceed the micro-purchase threshold and the Trade Agreements Act does not apply to purchases under the micro-purchase threshold. This could economically incentivize suppliers to choose the commercial e-commerce portals over the Schedules Program, which must comply with the Trade Agreements Act.

- **Agency participation.** FAS is competing for government business with existing commercial offerings and agency-specific e-commerce programs, which may limit participation in its e-commerce program. Commercial portals benefit from prominent name recognition and some government agencies have established their own programs. FAS will be challenged to engage with potential government users and demonstrate that its program offers more value-added benefits than open-market purchasing and other, existing government e-commerce programs.

As FAS attempts to fulfill its responsibilities under Section 846 of the FY 2018 NDAA and tests the e-commerce portals, it must consider these challenges and remain vigilant in monitoring the unintended consequences of implementing this initiative.

Leading the Transition to the Enterprise Infrastructure Solutions Contract

FAS is leading the government-wide transition from the expiring Networx telecommunications and information technology (IT) infrastructure contracts to the new EIS contract. EIS is a 15-year, $50 billion contract that provides customer agencies with common telecommunication services and IT infrastructure such as voice, cloud services, call and data centers, satellites, and wireless services. To reduce overlap and duplication, EIS aims to consolidate offerings currently provided by national and regional contracts and leverage the government's buying volume to reduce prices. Additionally, customer agencies are using the transition to EIS as an opportunity to enhance cybersecurity and modernize federal IT.[17]

Since the transition began in April 2016, FAS has encountered significant challenges in its efforts to move customer agencies to EIS. From delays in awarding the EIS contract to issues with

[17] American Technology Council's *Report to the President on Federal IT Modernization* (December 13, 2017).

administering a task order meant to provide direct support to customer agencies, these challenges substantially affected FAS's ability to transition more than 200 customer agencies by the initial March 2020 deadline.

In December 2018, FAS announced that it was extending the transition deadline by 3 years to allow more time for transition execution. However, customer agencies are only eligible to use the extended Networx contracts if they meet certain transition milestones. As of July 31, 2020, two interim transition deadlines have passed without much progress. Solicitations were to be issued to industry by March 31, 2019, but medium and large agencies only issued 75 percent of the expected solicitations.[18] Similarly, task orders were to be awarded by September 30, 2019, but medium and large agencies only awarded 37 percent of task orders. In addition, the Coronavirus Disease 2019 (COVID-19) pandemic may create an added challenge by compounding slow progress and delaying the transition further.

FAS acknowledges that the delay in completing the acquisition phase of the transition has created significant risk that agencies cannot disconnect their services from the expiring contracts by the target deadline of September 30, 2022. Further, GAO recently reported that 11 of 19 agencies sampled said they did not plan to meet FAS's milestone to fully transition to EIS by September 30, 2022.[19] However, these agencies said they did plan to transition before the current contracts expire in May 2023.

To mitigate risk and enforce the eligibility conditions for using the extended Networx contracts, FAS developed a *Project Plan for Closeout of EIS Transition*. The plan's goal is to ensure all services are disconnected from the expiring contracts by May 2023. In an effort to meet this goal, in July 2020, FAS started removing agencies from the Networx Authorized Users List to limit the use of the Networx contracts to only those agencies that meet critical milestones. In addition, as of October 1, 2020, FAS put into effect a freeze on modifications and orders for new services in an effort to limit the growth of services under the Networx contracts. As FAS tracks agencies' progress, it will know which agencies are at risk of not completing transition by the September 30, 2022, deadline. Under "extreme circumstances," FAS said it may approve a few specific agencies to use an "Emergency Action Period" that would allow use of the expiring contracts from October 1, 2022, to May 31, 2023. Consequently, FAS is developing potential options to assist Agencies that cannot complete their transitions by May 31, 2023.

To ensure the success of its *Project Plan for Closeout of EIS Transition*, FAS must enforce the actions outlined in the plan to compel agencies to execute their transitions. Otherwise, the government's prolonged use of the Networx contracts continues to decrease potential cost savings from reduced acquisition costs and volume buying available under EIS and increases FAS's expense of administering both contracts simultaneously.

---

[18] FAS categorizes agencies by business volume into three groups: small, medium, and large. FAS transition reports focus on the 42 medium and large agencies.

[19] GAO's *Agencies Should Fully Implement Established Transition Planning Practices to Help Reduce Risk of Costly Delays* (GAO-20-155, April 7, 2020).

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

PBS must maximize the performance of its real property inventory in order to provide its tenant agencies with space that meets their needs at a reasonable cost to American taxpayers. To achieve this goal, PBS should plan the best approach to reduce and consolidate space, dispose and exchange federal property, reduce leasing costs, administer the capital construction program, meet the operations and maintenance needs of aging buildings, and ensure effective management of energy and utility contracts.

Reducing and Consolidating Space

Federal space consolidation is a continuing federal initiative. According to GSA's *FY 2021 Congressional Justification*, PBS's goal is to use $50 million for the reconfiguration and renovation of space within government-owned and leased buildings. Accordingly, PBS gives preference to projects that result in an office utilization rate of 130 usable square feet per person or less and a total project payback period of 10 years or less. While this strategy represents positive steps to save taxpayer dollars, PBS faces a host of challenges as it implements initiatives and works to obtain the desired results.

In GSA's *FY 2021 Congressional Justification*, PBS's plans to reduce spending include footprint optimization. According to GSA:

> [the Agency] optimizes its footprint by focusing on real estate solutions in owned assets. When space can be made available through consolidation or improvements to existing owned space, that space becomes available to house tenants from expiring leases. This is the ideal solution to reduce the Government's reliance on leased space and optimize our footprint.

However, consolidations provide additional challenges because they require significant upfront funding. For example, in advance of any consolidations, GSA needs to reconfigure and renovate space to accommodate agencies and provide necessary upgrades to heating, ventilation, and air conditioning systems.

Since FY 2014, Congress has provided GSA with the authority to use funds for space consolidation projects. However, GSA did not receive funding for its consolidation activities in FY 2019 or FY 2020. While GSA has requested $50 million in its *FY 2021 Congressional Justification* to fund consolidation activities, it is faced with the challenge of delaying consolidations without the necessary upfront funding.

Although GSA has tools for evaluation of property for consolidation, we have found that these are not always considered. One tool is Funds from Operations (FFO). FFO is a key metric of a GSA-owned or leased asset's financial performance. It is calculated by subtracting expenses (exclusive of depreciation) from revenues. The consideration of FFO and occupancy rates is integral to ensuring that PBS makes effective decisions aimed at reducing and consolidating space in its owned and leased portfolio. However, we have found issues with consideration of these factors. For example, in our March 2019 report on the financial performance of leases in PBS NCR, we found significant financial losses caused by poor planning and execution of leases.[20] For one major lease consolidation project, we found that PBS NCR did not consider the costs associated with the vacant space generated by the consolidation. When the consolidation occurred, it generated over 430,000 square feet of vacant leased space. GSA was forced to absorb the rental costs and real estate taxes associated with the vacant space, resulting in an FFO loss of $8.3 million. We found similar concerns with leases sampled in PBS's Great Lakes and Pacific Rim Regions.[21]

While considering factors like FFO in it decision-making process for consolidation projects, GSA must also evaluate the effects of the COVID-19 pandemic on its future square footage reduction goals. In the past, GSA has used open workspace and hoteling concepts as strategies to reduce agencies' overall space requirements. However, current open-space designs pose significant challenges in the pandemic. Among other things, open-space designs may prevent tenants from meeting social distancing requirements, which could prevent agencies from fully re-populating their offices as they did before the pandemic struck. Accordingly, GSA should evaluate the future of open-space design and its effect on the Agency's overall strategy for reducing the federal footprint.

Reducing Leasing Costs

PBS is focused on achieving taxpayer savings by avoiding increased lease costs through the timely replacement of expiring leases. PBS's leasing portfolio consists of more than 8,000 leases equating to more than 187 million rentable square feet of space.

According to GSA's *FY 2021 Congressional Justification*, approximately 60 percent of PBS's leases will expire by FY 2023. PBS states that it will focus on the high-value leases that represent nearly 61 percent of the rent through FY 2025. In FY 2018, PBS initiated its Lease Cost Avoidance Plan to replace these leases with longer, firm-term leases at better rates and restructure the PBS portfolio. PBS's Lease Cost Avoidance Plan aims to save $4.7 billion by 2023.

The Lease Cost Avoidance plan consists of three strategies:

- Achieve below-market rental rates by executing long-term leases rather than short-term extension actions;

---

[20] *Audit of the PBS National Capital Region's Lease Financial Performance* (Report Number A170047/P/R/R19003, March 20, 2019).

[21] *Audit of the PBS Great Lakes Region's Lease Financial Performance* (Report Number A170047/P/5/R19007, August 23, 2019); *Audit of PBS Pacific Rim Region's Lease Financial Performance* (Report Number A170047/P/9/R19005, June 13 2019).

- Replace expiring leases with less square footage through space consolidations and moves to federally owned space; and
- Increase the percentage of expiring leases that are replaced with long-term solutions.

PBS's challenges in implementing the Lease Cost Avoidance Plan include the need for a centralized strategy across all 11 regions, obtaining tenant agency space requirements in a timely manner, and the potential adverse effects on lease financial performance. PBS should ensure its strategies address these challenges and ensure it has adequate controls in place to manage a majority of its leases expiring within 3 years.

We have documented additional challenges PBS will have in implementing its strategies. In our June 2020 report on lease extensions and holdovers, we found that, although PBS has taken a number of steps to reduce its use of extensions and holdovers and encourage the use of more economical long-term lease agreements, PBS leasing staff face obstacles in adhering to this guidance and using the simplified lease process. The short-term nature of extensions and holdovers often limits GSA's ability to obtain favorable contract terms, resulting in higher leasing costs. PBS's issues in adhering to the guidance and using the simplified lease process has contributed to delays in lease actions and increased the likelihood that PBS will have to enter into costly extensions or holdovers.[22]

Finally, PBS will face challenges to address the Lease Cost Avoidance Plan's potential adverse effects on lease financial performance. Leadership from both PBS and the Office of the Chief Financial Officer have asserted that implementation of the plan will require management to devote more resources toward larger leases that are more likely to generate long-term savings. However, this will lead to increased overhead expenses for these leases and contribute to FFO losses until the leases are fully occupied. PBS and Office of the Chief Financial Officer management have stated that they are willing to accept these losses in pursuit of potential long-term lease savings goals. Nonetheless, management should retain focus on FFO, as it remains an important financial measure that can indicate problems with a lease that may require management attention.

Federal Property Disposal

The 2016 Federal Assets Sale and Transfer Act (FASTA) was passed to reduce the costs of federal real estate. As GSA is the central agency in federal real estate, FASTA resulted in GSA simplifying and streamlining the federal real property disposal process and enhancing the productivity of GSA's real estate portfolio. A major component of FASTA is to expedite the sale of federal real property through bypassing GSA's *Federal Property and Administrative Services Act of 1949* screening process for public conveyance and imposing strict deadlines for GSA to complete the sale.[23]

[22] *Audit of PBS's Lease Extensions and Holdovers* (Report Number A190033/P/R/R20007, June 22, 2020).

[23] *Federal Property and Administrative Services Act of 1949*, Section 484, Disposal of surplus property.

To achieve the objectives outlined in the act, FASTA established the Public Buildings Reform Board (PBRB) for a 6-year term. The PBRB identified 12 properties at a market value of no less than $500 million, but no more than $750 million, as required by FASTA and submitted a recommendation for disposal to OMB.[24] On January 24, 2020, OMB approved the PBRB's recommendation. OMB's approval of the PBRB submission prompted a 60-day deadline that required landholding agencies of the 12 recommended properties to each submit a report of excess (ROE) for acceptance by GSA by March 24, 2020. An ROE identifies the property description, environmental characteristics, and other information needed to make the property available for sale. Once the ROE is received, GSA will develop an individual sale strategy for each asset. Unless OMB grants an extension, GSA will be required to complete the sale within 1 year from the date of ROE acceptance.

As of August 2020, GSA has only acknowledged receipt of the submissions of the 12 high-value government properties submitted by each agency. However, by acknowledging and not accepting the 12 ROEs, GSA has prevented triggering the 1-year FASTA deadline to complete the disposals. Typical to the disposal process, GSA will not accept an ROE until it has a thorough understanding of the property, the tenant's relocation strategy, and other regulatory measures for divesture; GSA will work closely with the landholding agencies to fill any gaps. However, the current pandemic environment has further complicated GSA's implementation of FASTA and the process for accepting ROEs. GSA will not accept an ROE if it cannot properly execute or initiate a sale in an unstable market due to the pandemic, particularly under this new, strict FASTA deadline. Moreover, agency requirements are shifting in response to COVID-19, which leaves considerable uncertainty about moving forward with assessing agencies' relocation strategies.

Additionally, GSA faces challenges in managing the expectations of the PBRB, which is eager to have GSA accept the ROEs to begin the sale process, as the proceeds from these sales will continue to fund future rounds of disposals. The PBRB is determined to complete the sales of its recommended properties in order for it to fully commit its efforts on its next submission to OMB, which has a December 2021 deadline. Both GSA and the PBRB have been meeting regularly to determine the best way forward and discuss options for grouping the 12 properties for sale. GSA is currently conducting market research to determine this option's feasibility. The continued partnership between GSA and the PBRB is essential to ensure the FASTA goals are fully achieved.

Administering GSA's Capital Construction Program

PBS's Office of Design and Construction is responsible for leading PBS's capital construction program and supports GSA's regional offices in new construction, major modernization, and

---

[24] PBRB's *High Value Assets Report, Key Findings and Recommendations Pursuant to the Federal Asset and Transfer Act of 2016 (FASTA).*

other capital construction projects, from pre-planning through commissioning.[25] As of October 2020, PBS had $11.9 billion in active capital construction projects. Due to internal resource limitations, PBS faces challenges in delivering these projects and has become excessively reliant on construction management firms. Additionally, PBS continues to struggle with its administration of Construction Manager as Constructor (CMc) contracts. In some cases, these challenges have resulted in contractor employees performing inherently governmental functions, organizational conflicts of interest, and significantly inflated costs.

Construction Management Services. Construction managers are private firms that act as advisors or consultants to PBS during the execution of capital construction projects. PBS requires the use of construction managers for its capital construction projects. PBS has used construction managers to fulfill many functions and responsibilities within its capital construction program. Though not required, PBS also uses construction managers for smaller projects and lease administration.

In a recent audit of PBS's use of construction management services, we found that PBS has become excessively reliant on construction managers.[26] PBS has frequently allowed construction managers to perform inherently governmental functions that are reserved for federal employees, including developing independent government estimates, assessing contractor proposals on source selection boards, negotiating contracts, and accepting project deliverables. Further, PBS has allowed construction managers to access sensitive information, including competitors' proprietary information and government data, without mitigating conflicts of interest or ensuring data security.

Given PBS's construction workload, PBS must rely on contractor staffing and expertise to supplement its internal staffing resources and manage its capital construction projects. However, PBS must ensure that sufficient controls are in place to prevent construction managers from performing inherently governmental functions and that steps are taken to eliminate or mitigate potential conflicts of interest.

Construction Manager as Constructor Contracts. The CMc is a project delivery method PBS often uses for its capital construction projects. Using this method, PBS first awards a design contract to an architect-engineering firm. During the design phase, PBS awards a CMc contract to a general contractor for design phase services, including cost estimating and constructability reviews. The contract includes an option for construction services, which may be exercised once design is complete. This option requires the contractor to construct the project on time and within a competitively bid guaranteed maximum price.

---

[25] Capital construction projects are projects that exceed the prospectus threshold, currently $3.095 million, and require congressional approval.

[26] *Audit of the GSA Public Buildings Service's Use of Construction Management Services* (Report Number A150028/P/4/R20009, September 4, 2020).

PBS used the CMc project delivery method extensively for its American Reinvestment and Recovery Act new construction and major modernization projects. During our oversight of PBS's American Reinvestment and Recovery Act projects, we observed a number of issues with PBS's award and administration of these contracts. To address these issues, PBS issued *Policy and Procedures for using the Construction Manager as Constructor Project Delivery Method* on February 8, 2011. This guidance remained in effect until October 18, 2018, when GSA issued a FAR and GSAR class deviation. On January 21, 2020, the GSAR was amended to formally adopt this CMc policy. The updated GSAR provides centralized guidance to ensure consistent application of CMc construction project principles.[27]

Despite the 2011 CMc policy and subsequent class deviation and GSAR policy, PBS continues to apply CMc policy and requirements inconsistently. This is particularly evident in PBS's CMc contract pricing and project accounting. For example, PBS is not always performing a required independent review of CMc contractor accounting systems prior to incurring construction costs; therefore, PBS cannot ensure that project costs are accounted for and allocated appropriately. Further, PBS has converted construction options to firm-fixed prices prior to design completion, and has erroneously changed guaranteed maximum prices with contract modifications. These contract administration challenges have resulted in significant increases to project costs; they must be addressed to avoid overpayment on current and future CMc contracts.

Meeting the Operations and Maintenance Needs of Federal Buildings

In FY 2019, PBS fell short of its annual goal of having 80 percent of its building inventory's operations and maintenance costs meet market ranges, with 72 percent meeting the goal. GSA also reported in FY 2019 that 29 percent of its buildings were not in good condition and estimated that $1.93 billion is needed to restore its inventory to acceptable conditions. According to PBS's internal estimates for building repair projects, this figure rose to over $2.53 billion in FY 2020—a 30 percent increase over FY 2019 estimates.

PBS's performance against its cost savings goals, coupled with increasing estimated costs to make needed building repairs, demonstrate that PBS faces significant challenges to meet its operations and maintenance needs. To address these challenges, PBS must overcome obstacles including its inability to provide consistent contract administration practices, identify accurate facility condition needs, and maintain adequate expertise in its field offices.

Operations and maintenance costs cover maintaining mechanical, electrical, plumbing, and other building control systems, and performing repairs. PBS has identified contract administration inconsistencies during inspections of these systems throughout its service centers. To address this concern, PBS plans to aggregate its operations and maintenance contracts. In doing so, PBS believes it will reduce its costs and administrative burden, while gaining consistency in contract administration practices such as inspection services. However,

[27] GSAR Subpart 536.71, *Construction-Manager-as-Constructor Contracting*.

PBS must ensure that contract consolidations will realize cost reduction goals while maintaining consistent and acceptable levels of service.

PBS's operations and maintenance contractors perform routine maintenance on building equipment systems to lessen the likelihood of systems failing, known as preventive maintenance. At the beginning of a contract, the operations and maintenance contractor submits its proposed procedures, standards describing the procedures, and frequency to PBS for approval. PBS uses this information to plan for future work and to report its work order backlog in national performance measures. PBS determined that not all of its buildings have preventive maintenance plans and established a national goal in FY 2020 to measure the percentage of buildings with active preventive maintenance plans. The lack of preventive maintenance plans identifies a new challenge in PBS's ability to maintain accurate records of facility condition, maintenance and repair history, and work order backlog.

PBS has become increasingly concerned that its field office staff do not possess adequate expertise to manage its building inventory and administer its operations and maintenance contracts. According to PBS, subject matter experts are typically in its regional offices rather than field offices. As services are performed by its operations and maintenance contractors, PBS faces challenges to ensure its field office staff adequately inspect repairs to its mechanical, electrical, plumbing, and other building control systems.

GSA must ensure that reductions to its operations and maintenance costs do not affect its ability to provide safe, reliable, and functional building performance for its tenants and the public.

Ensuring Effective Management of Energy Savings Performance Contracts and Utility Energy Service Contracts

Between December 2010 and May 2020, PBS awarded over $2.1 billion in ESPCs and Utility Energy Service Contracts (UESCs). However, ESPCs and UESCs are high-risk areas for PBS, with high-dollar contract values and long-term financial commitments. Without effective management, PBS may not realize the savings needed to fund these contracts.

Under an ESPC, the government contracts with an energy service company to install energy-saving upgrades to buildings and pays the energy service company from the energy savings generated by the upgrades. An ESPC can last for up to 25 years. A UESC is a contract between a federal agency and a utility company for energy management services, including energy and water efficiency improvements. The utility company pays most or all of the upfront costs, and the government repays the utility company through utility savings, appropriated funds, or a combination of the two. UESCs can also last up to 25 years.

In an audit of ESPCs, we identified a number of challenges.[28] We found that PBS:

- Did not realize enough energy savings to fully fund payments for two of seven projects we examined;
- Could not demonstrate that four of seven projects were meeting their operations and maintenance savings;
- Did not provide effective oversight of the accuracy of energy savings;
- Did not ensure the completeness of contract files and did not complete contractor performance assessments in accordance with the FAR; and
- Did not oversee the administration of ESPC projects after award.

In February 2017, PBS Facilities Management Service Program officials expressed their continued concern that actual ESPC savings may fall short of the expected savings calculated at the beginning of the contract. In addition, they said it is a challenge to determine when it is appropriate to include operations and maintenance costs in the contracts. PBS officials stated that in 2018 they had centralized the ESPC program within the Office of Facilities Management and that they hoped this would reduce the number of issues with the contracts. Despite this, we continue to find issues with ongoing management of ESPC contracts, as noted above.

Likewise, UESCs also present a number of challenges for PBS. The primary risks involved with UESCs include:

- Limited competition among utility companies;
- A high number of sole-source contracts; and
- A lack of mandated savings guarantees.

Due to the lack of competition and use of sole-source contracts, PBS is vulnerable to paying a high cost for these projects. In addition, because UESCs are not mandated to guarantee savings upon project completion, upfront costs to execute UESC projects may not be offset by the estimates of the long-term savings. PBS has spent time and energy for the past 4 years establishing UESCs and has instituted a memorandum of understanding for oversight with GSA's Acquisition Management Division. However, UESCs are a contract vehicle that we have not yet evaluated; therefore, sufficient controls may not be in place to ensure that risks are addressed and mitigated.

In response to our identification of ESPCs and UESCs as management challenges last year, GSA stated that it has strengthened guidance and controls for ESPCs and UESCs. Specifically, to centralize oversight and provide support to the regions in developing, awarding, and executing these contracts, GSA established a national ESPC Program Management Office (PMO), which develops procedures and policies to ensure procurement consistency. GSA stated that the PMO

---

[28] *PBS's $1.7 Billion Energy Savings Performance Contracts Are Not Achieving Energy and Cost Savings Due to Inadequate Oversight* (Report Number A180017/P/5/R20004, March 27, 2020).

has a strategic initiative for FY 2020 to look for ways to improve the measurement and verification process to ensure ESPC savings are sustainable over time.

Although PBS's response implies that it recently established the PMO to ensure procurement consistency, it actually established the PMO in 2012. We found in a recent audit that PBS did not give the PMO the responsibility for monitoring and overseeing regional administration of ESPC projects.[29]

PBS officials should award and administer these unique contract vehicles to ensure that energy and cost savings are realized; otherwise, these projects will increase PBS's costs instead of providing the savings needed to fund the projects.

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

In June 2018, the White House released its plan to reorganize the federal government. The plan, *Delivering Government Solutions in the 21st Century: Reform Plan and Reorganization Recommendations*, proposed moving the Office of Personnel Management (OPM) operational and service delivery functions to GSA. For the remainder of 2018 and much of 2019, a joint GSA-OPM task force undertook efforts to transition OPM's retirement services, federal employee health care and insurance programs, human resources services, and IT infrastructure to GSA. Concurrent with these activities, the U.S. House of Representatives Committee on Oversight and Government Reform expressed skepticism of the need for the merger and made multiple attempts to obtain detailed financial, impact, and legal analyses from GSA, OPM, and OMB.

Ultimately unsuccessful in those efforts, Congress included a provision in the FY 2020 National Defense Authorization Act prohibiting the three agencies from engaging in any further merger-related activities pending the results of a study by the National Academy of Public Administration. The National Academy of Public Administration's recommendations about OPM are expected in March 2021 with a subsequent 6-month period allotted for developing justifications and analyses, after which Congress would consider enabling legislation.

Because the FY 2020 National Defense Authorization Act has temporarily blocked merger activities, GSA and OPM are no longer taking active steps to transfer OPM's core functions and IT infrastructure to GSA. However, contingent on the results of the National Academy of Public Administration's study and Congress' response, including the passage of enabling legislation, it is possible that merger efforts could resume late in FY 2021 or beyond. Despite the lack of a cost-benefit analysis, GSA cites benefits of merging OPM functions into GSA, including improved service delivery, efficient use of taxpayer dollars, and minimal disruption to federal

---

[29] *PBS's $1.7 Billion Energy Savings Performance Contracts Are Not Achieving Energy and Cost Savings Due to Inadequate Oversight* (Report Number A180017/P/5/R20004, March 27, 2020).

employees and customers in its FY 2021 budget request. Additionally, GSA is requesting a $70 million direct appropriation to fund transition costs for the reorganization of OPM functions.

Absorbing OPM's core functions and IT infrastructure could pose challenges for GSA. Specifically, GSA will need to:

- Determine the legal basis for the transfer of OPM's core functions;
- Assess the financial, strategic, and risk impacts of the merger;
- Continuously engage all stakeholders, including Congress, on merger-related activities;
- Align new offerings with GSA's mission and determine appropriate organizational structures;
- Gain an understanding of new markets, reconsider product and service offerings, and develop program management strategies; and
- Develop and implement performance metrics to track the success and completion of merger activities.

In the event of a potential merger, it is imperative that GSA obtain the necessary legal authority or legislation to execute the merger. Additionally, GSA will need to exercise sufficient due diligence to make informed decisions. Lastly, GSA will need to engage relevant stakeholders effectively, including Congress, to ensure transparency in its merger efforts.

Challenge 6: Managing Agency Cybersecurity Risks

As cybersecurity threats continue to increase and become more sophisticated, GSA management will remain challenged with identifying, implementing, and enforcing security controls to protect its systems and the sensitive information contained within these systems. Without the appropriate security controls in place to monitor, manage, and mitigate threats and risks to GSA's IT infrastructure, a cybersecurity attack or human error could easily disrupt organizational operations, placing GSA systems and sensitive information at risk.

Controlling Access to Sensitive Information in GSA Systems

We have previously reported on threats to sensitive information maintained by GSA. These threats originate from exposures of sensitive information by Agency employees with access to GSA-owned systems and data. These threats include exposures of personally identifiable information, the mishandling of procurement information, and the provision of unauthorized access to internal infrastructure documents by Agency employees.

Recently, we identified numerous instances of 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. This sensitive information includes, but is not limited to, the following:

- Procurement-sensitive information, including information related to bidding and prices paid;
- Personally identifiable information, such as social security numbers, resumes, performance appraisals, time and attendance reports, administrative grievances, and personal contact information;
- Contractor's financial information, such as bank account information; and
- Sensitive but unclassified information, such as architectural drawings, that must be protected to ensure the safety of government employees and the public.

In FY 2021, GSA will continue to face challenges with maintaining the integrity, availability, and confidentiality of its IT infrastructure and protecting the sensitive information contained within its IT systems. While GSA management has a responsibility to continue to meet the business needs of its internal and external customers, they also have a responsibility to ensure compliance with IT security-related laws, regulations, and policy. In an environment of competing priorities, human error, and an increase in the telework footprint, it is imperative that GSA management continue to assess and address these challenges.

Oversight and Security of Robotic Process Automation Technology

Robotic Process Automation (RPA) technology involves the use of software robots, also known as bots, to automate routine, labor-intensive processes. Currently, GSA has 33 RPA bots in operation with plans to increase this number. All of GSA's RPA bots are currently running within the Virtual Desktop Infrastructure environment where they are viewed as regular users on GSA's network and in applications that process, transmit, and store Agency data. GSA programs implementing RPA bots must work in close collaboration with the Office of GSA IT to obtain the proper security and access approvals for their selected RPA implementation. GSA system owners are also required to provide consent to the use of the GSA information system in order to automate a work process using RPA technology.

While there are substantial benefits to RPA technology, such as reduced workload costs, there are also risks with implementing such technology. For example, GSA will need to have effective controls in place to manage cybersecurity risks and to ensure that RPA bots are delivering on the intended outcomes. GSA management will also have to ensure adequate policies and procedures are in place for RPA adoption that can help mitigate cybersecurity and credentialing risks.

Delivering the System for Award Management

FAS is responsible for the System for Award Management (SAM), the end product of a Presidential E-Government initiative to consolidate 10 procurement-related legacy systems. These systems, collectively known as the Integrated Award Environment (IAE), are intended to enable agencies to share acquisition data, make informed decisions, increase contractors' ease of doing business with the government, and generate cost savings to the taxpayer. SAM intends to standardize, streamline, and modernize the federal acquisition process by retiring and replacing legacy acquisition data systems used throughout government. During FY 2019, IAE information systems facilitated more than $1.1 trillion in federal awards.

FAS's Office of Systems Management manages the IAE initiative on behalf of GSA. In June 2010, FAS expected to finish consolidating IAE systems into SAM by February 2014. FAS now expects to complete the consolidation effort in FY 2021. The IAE environment overall, including development and operational costs, has totaled over $1 billion as of FY 2019; however, additional costs and delays caused by the COVID-19 pandemic are yet to be determined and could create additional challenges in completing this effort.

As the SAM consolidation continues, FAS will be required to make system changes to comply with regulation updates, new policies, or requests from governance bodies. For example, FAS may need to make significant changes to SAM in order to accommodate a new unique entity identifier for registered companies. This change is driven by: (1) a FAR final rule that eliminated the use of Dun and Bradstreet's proprietary Data Universal Numbering System as the unique entity identifier for registered companies, (2) the 2018 expiration of Dun and Bradstreet's GSA contract, and (3) FAS's decision to establish a non-proprietary unique entity identifier to increase competitiveness when awarding contracts for entity validation services. To implement the unique entity identifier, significant system changes may be necessary because SAM's information, entity structure, and resulting user permissions are built with proprietary information supplied by Dun and Bradstreet.

The success of SAM is critical for enabling agencies to share acquisition data, make informed procurement decisions, make it easier for contractors to do business with the government, and generate savings for the taxpayer. While FAS has taken steps to improve and stabilize the SAM consolidation project, it must apply sound management practices to identify and address risks to project completion and to ensure the project is delivered in a cost-effective and timely manner. Additionally, FAS must ensure the appropriate technical controls and safeguards are implemented to secure the system and protect users and data from malicious threats.

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

The federal government faces long-standing challenges in strategically managing its workforce. GAO first added federal strategic human capital management to its list of high-risk government programs and operations in 2001. Federal strategic human capital management remains one of GAO's 35 high-risk areas because mission-critical skills gaps within the federal workforce pose a high risk to the nation. Skills gaps also played a significant role in 16 of GAO's 34 other high-risk areas. GAO stated that agencies need to take action to address mission-critical skills gaps within their own workforces—a root cause of many high-risk areas.[30]

[30] *High-Risk Series – Substantial Efforts Needed to Achieve Greater Progress on High-Risk Areas* (GAO-19-157SP, March 2019). The high-risk review is conducted biannually.

GSA must focus on hiring and retaining staff with the necessary skills to perform critical functions, especially given the number of GSA employees in mission-critical roles who will be retirement-eligible in the near future. GSA identified seven mission-critical occupational categories—Acquisition, Financial Management, IT, Program Management, Property Management, Realty, and Human Resources. As of May 2020, these occupational categories make up 45 percent of GSA's workforce. 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. The importance of a skilled workforce is highlighted by GSA's responsibility to provide value to customer agencies, comply with increased regulatory requirements, and mitigate the risk of IT security threats.

Retirements of mission-critical staff are critical. For example, PBS began using external construction managers to support its construction program because it believed it no longer had adequate in-house staff to manage its construction projects. However, in a recent audit, we found that PBS's use of construction managers has been problematic.[31] PBS's use of external contract managers has resulted in conflicts of interest, such as allowing construction managers to play a role in extending their own contracts and giving construction managers access to sensitive information, including competitors' proprietary information and government data.

In its November 2019 response to our assessment of GSA's management challenge for human capital last year, GSA agreed that management of human capital is critical to continued success. A survey of GSA executives and senior managers confirmed that human capital is a top Agency risk. GSA stated that it is employing several strategies to actively mitigate the challenges associated with managing the workforce, including workforce planning as a performance plan requirement for all Heads of Services and Staff Offices, an enterprise-wide competency management program to build and manage competencies, and an enterprise succession management program to identify key leadership positions and successors across the Agency.

In our 2020 meetings with Agency management, GSA officials (including officials within PBS, FAS, the Office of the Chief Financial Officer, as well as regional offices) noted challenges regarding human capital. 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. Further, officials stated that succession planning and hiring and keeping up with turnover as people retire and leave are both big issues facing GSA.

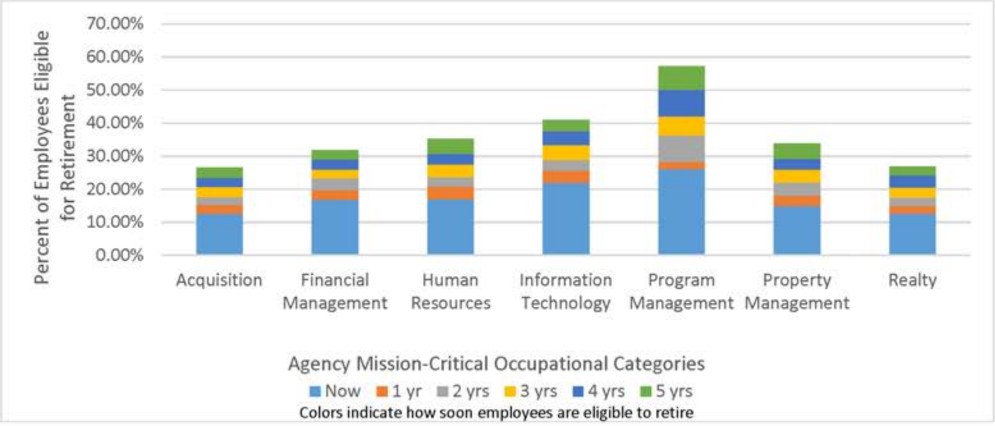
As shown in *Figure 1*, between 27 and 57 percent of the staff in GSA's mission-critical occupations are eligible for retirement in the next 5 years, as of May 31, 2020.[32]

---

[31] *Audit of the GSA Public Buildings Service's Use of Construction Management Services* (Report Number A150028/P/4/R20009, September 4, 2020).

[32] All percentages, charts, and figures contained within this management challenge are based on data compiled by the GSA Office of Human Resources Management, unless otherwise noted.

Figure 1 – GSA 5-Year Retirement Eligibility by Mission-Critical Occupational Category



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.

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

GSA plays a significant role in providing a safe, healthy, and secure environment for federal employees and visitors at over 8,600 owned and leased federal facilities nationwide. Among other things, GSA is responsible for implementing the PBS Facility Safety and Health program to ensure compliance with safety and health requirements as mandated by Executive Order 12196, *Occupational safety and health programs for Federal employees*, and 29 CFR 1960, Subpart E, *General Services Administration and other Federal Agencies*. Additionally, in accordance with a September 2018 memorandum of agreement with the U.S. Department of Homeland Security, GSA is responsible for the installation, maintenance, and repair of approved security fixtures (including physical access control systems).

However, our audit reports and recent unrest in many cities demonstrate an ongoing need for GSA management's attention to the safety and security of federal facilities. For example, in a January 2020 report, we identified significant security vulnerabilities at 11 childcare centers.[33] We found that childcare centers in GSA-controlled facilities did not meet the minimum security

[33] *Child Care Centers in GSA-Controlled Buildings Have Significant Security Vulnerabilities* (Report Number A170119/P/6/R20001, January 30, 2020).

standards. We also found that many recommended security countermeasures were not implemented, leaving the child care centers vulnerable to a wide range of security threats.

Federal buildings have also faced a range of security threats during the recent unrest in many cities throughout the country, with some buildings becoming targets for violence and property damage. In May 2020, two Federal Protective Service officers were shot at the Ronald V. Dellums Federal Building in Oakland, California. These officers were protecting the federal courthouse as protesters clashed with law enforcement. Numerous other federal buildings were damaged during the protests. For example, in Washington, D.C., windows and doors were smashed at various government agency headquarters buildings. In some cities, this violence and destruction to federal real property has continued, with the Mark O. Hatfield U.S. Courthouse in Portland, Oregon, remaining at the center of local demonstrations throughout the summer of 2020.

Beyond the physical security of federal facilities, we have found that PBS has not always taken adequate action to protect tenants, contractors, and visitors from environmental and health hazards. In March 2019, we issued a report in which we identified that PBS's response to environmental studies at the Goodfellow Federal Complex in St. Louis, Missouri, was not always comprehensive, nor in accordance with the prescribed time frames for addressing those hazards.[34] In addition, we found inadequate notification of, and response to, known hazardous contamination. To determine if GSA took actions as outlined in its corrective action plan for this audit, we performed an implementation review and issued a report in July 2020. In the report, we concluded that PBS's communication process did not ensure that all occupants were notified of the results of all environmental studies upon completion.

Similarly, in July 2019, we issued an implementation review of the corrective action plan for the report on lease provisions for the Kress Building in Tampa, Florida.[35] This review found that PBS did not fully implement several corrective actions resulting in persistent deficiencies in the condition of the leased space, possible tenant exposure to health risks, and complaints from the tenant about the poor condition of the building.

The magnitude of GSA's responsibility in these areas is significant, not only for GSA employees and contractors, but also for all occupants of GSA-managed facilities. Our continued findings related to safeguarding federal facilities and providing secure work environments demonstrate an ongoing need for GSA management's attention in these areas.

---

[34] *Audit of Environmental Issues at the Goodfellow Federal Complex in St. Louis, Missouri* (Report Number A170027/P/6/R19002, March 15, 2019).

[35] *Implementation Review of Corrective Action Plan: PBS Failed to Enforce Kress Building Lease Provisions and May Have Exposed Tenants to Health Risks, Report Number A160019/P/4/R17003, January 27, 2017* (Assignment Number A190023, July 31, 2019).

Challenge 9: Managing the Impact of COVID-19

GSA received $295 million in Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funding to prevent, prepare for, and respond to the COVID-19 pandemic domestically or internationally. According to *GSA's Communicable Disease Pandemic Plan*, GSA has four primary responsibilities during a pandemic emergency: (1) protecting the health and safety of GSA employees, contractors, vendors, and visiting public; (2) maintaining mission-essential functions; (3) supporting federal response efforts; and (4) communicating with employees, tenants, and other stakeholders. Meeting the goals of the CARES Act and the responsibilities of the pandemic plan will pose challenges for GSA.

Protecting the Health and Safety of Building Occupants

As noted in the previous challenge, GSA plays a key role in protecting the safety and security of tenant agencies and visitors to federal facilities. The COVID-19 pandemic has added to the complexities of GSA's responsibilities, by requiring the Agency to place an added focus on protecting the health and safety of building occupants. To that end, PBS must be able to timely identify and track positive or presumed cases of COVID-19 infections, and notify building occupants of any potential exposure. PBS's *Facility Notification Process for COVID-19 Incidents*, consistent with Centers for Disease Control and Prevention guidance, requires that all occupants in GSA-controlled space be notified of COVID-19 incidents no later than 24 hours after being reported. To do so, GSA will have to rely on its internal processes and coordination efforts with building managers, regional staff, and tenant agencies.

Our past audits have found instances where PBS failed to timely notify building occupants of safety or environmental hazards.[36] During the initial phase of our ongoing audit of PBS's COVID-19 communication and cleaning procedures, we have found that these issues persist. In September 2020, we issued an alert memorandum in which we reported that PBS did not always receive timely notice of COVID-19 incidents from building occupants and did not always provide timely notification of confirmed COVID-19 cases to affected personnel.[37] Failure to provide timely notification could lead to increased exposure and transmission of the virus in PBS properties.

In addition, once positive or presumed cases are reported, PBS must execute contract actions to ensure that space is cleaned and disinfected in accordance with Centers for Disease Control and Prevention guidance. GSA must also verify that contractors perform these services in accordance with these guidelines and contract requirements. However, *GSA's Communicable*

---

[36] See for example, *PBS Failed to Enforce Kress Building Lease Provisions and May Have Exposed Tenants to Health Risks (Report Number A160019/P/4/R17003, January 27, 2017); Audit of Environmental Issues at the Goodfellow Federal Complex in St. Louis, Missouri* (Report Number A170027/P/6/R19002, March 15, 2019).

[37] *Alert Memorandum: Concerns Regarding PBS's Communication and Cleaning Procedures for Coronavirus Disease 2019 (COVID-19) Exposures* (Memorandum Number A201018-2, September 3, 2020).

Disease Pandemic Plan notes that in-person inspections of its owned or leased facilities would be impossible and imprudent, given the health and safety risks involved. Therefore, effectively administering cleaning contracts to ensure the health and safety of building occupants will pose a challenge. The pandemic plan states that it is important that PBS work with contractors to review, enhance, and modify contract Quality Control Plans and PBS Quality Assurance Surveillance Plans as appropriate to ensure that adequate safeguards provide for the delivery of safe, efficient, and effective custodial services.

However, our past audit work has identified concerns with PBS's oversight of its cleaning contracts. For example, in February 2020, we reported that the contractor Quality Control Plans and PBS Quality Assurance Surveillance Plans were either missing or inadequate, leading to ineffective contract oversight.[38] Similarly, during our survey work for our ongoing audit of PBS's COVID-19 response, we found that PBS did not update its contractor oversight plans for COVID-19 cleaning, and as a result, it does not have assurance that contractors are cleaning and disinfecting space in accordance with applicable requirements. This concern was also addressed in our September 2020 alert memorandum.[39] PBS must provide effective oversight of the applicable quality control processes to limit and reduce the spread of COVID-19. This will be of considerable importance 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's *Return to Facilities Taskforce Decision Framework* states that its top priority is keeping people in its owned and leased facilities safe while continuing to deliver on its mission. To limit and reduce the spread of COVID-19 in GSA-controlled facilities as they reopen, GSA must take comprehensive steps to ensure the proper levels of monitoring and coordination are in place. To be successful, PBS must effectively plan for the return to its facilities, while working in a mostly virtual environment. GSA faces challenges in monitoring COVID-19 cases nationwide; establishing consistent plans, guidelines, and procedures for returning individuals to work; and coordinating with tenant agencies and Federal Security Committees at each federal building.

As cities and states ease restrictions on in-person gatherings and allow for the return to office environments, GSA must ensure its reopening plans align with directives and guidelines from the Administration. Specifically, GSA's *Return to Facilities Taskforce Decision Framework* must mirror OMB Memorandum M-20-23, *Aligning Federal Agency Operations*, and the White House's *National Guidelines for Opening Up America Again*. OMB M-20-23 guidelines require GSA to monitor the trend of reported COVID-19 cases, hospital capacity, and gating

---

[38] *GSA's PBS Northwest/Arctic Region Service Center Does Not Effectively Administer Lease and Service Contracts* (Report Number A180053/P/4/R20002, February 20, 2020); *Award and Administration Issues on Task Order GS-P-02-10-PC-5025 for Construction Services on the Recovery Act Project at the Joseph P. Addabbo Federal Office Building in Jamaica, New York* (Audit Memorandum Number A090184-78, January 8, 2015).

[39] *Alert Memorandum: Concerns Regarding PBS's Communication and Cleaning Procedures for Coronavirus Disease 2019 (COVID-19) Exposures* (Memorandum Number A201018-2, September 3, 2020).

requirements tied to city, county, and state health department data across the nation. This unprecedented level of monitoring and review could reduce management's ability to make timely and accurate decisions.

GSA's role is further complicated because it will also have to coordinate with its tenants to ensure their plans align with national guidelines and GSA's requirements. Further, at each facility, GSA must navigate inconsistent Federal Security Committee-determined screening processes and ensure the processes provide adequate protection for workers and visitors in its buildings. GSA must also ensure proper volumes of critical resources, including hand sanitizer, personal protective equipment, soap, and disinfectants, can be procured or have been stockpiled. OMB M-20-23 and guidance from the Centers for Disease Control and Prevention and GSA require GSA to factor in the procurement of these items when making return-to-work decisions.

Once employees and visitors begin to return to government facilities, GSA will need to ensure that it is able to provide a safe and secure work environment. This may require addressing potential issues such as the deterioration of water pipes due to lack of use, a buildup of harmful minerals and bacteria, and rodent and insect infestations.

Further, GSA's open-space floor plans in many of its federal buildings may contribute to a resurgence in COVID-19. GSA has relied on office space designs based on open workspace and hoteling concepts to reduce overall space requirements. In many cases, these open-space designs may prevent GSA employees and tenants from observing social distancing requirements necessary to prevent the spread of COVID-19 and other viruses. As a result, GSA and tenant agencies will likely be prevented from returning employees to these offices at pre-pandemic levels. GSA, in close coordination with affected tenant agencies, will need to assess facilities with open-space floor plans and make the necessary adjustments to ensure compliance with all protocols necessary to combat the spread of COVID-19. Additionally, GSA will need to assess the effect of COVID-19 and future pandemics on the viability of open-space design concepts.

Accurate Reporting of CARES Act Spending

The Administration is committed to the rapid delivery of CARES Act funds for relief and response efforts. However, of equal importance is regular, transparent reporting that provides accountability mechanisms to safeguard taxpayer dollars. To report CARES Act obligations and commitments accurately, the GSA Office of the Chief Financial Officer must ensure that CARES Act spending is properly identified and that reporting errors and omissions are eliminated or minimized.

However, for the past 2 years we have reported GSA's lack of effective internal controls, or internal controls that are in place but not followed.[40] In addition, our recent audit of GSA's

[40] *Assessment of GSA's Management and Performance Challenges* for FYs 2019 and 2020.

Digital Accountability and Transparency Act submission found that the Agency did not accurately report obligations due to control weaknesses.[41] GSA must ensure that steps it has taken to address these control weaknesses are effective and ensure accurate CARES Act reporting.

[41] *Audit of the Completeness, Accuracy, Timeliness, and Quality of GSA's 2019 DATA Act Submission* (Report Number A190040/B/R/F20001, November 1, 2019).

GSA Responses to the Office of Inspector General's Management Challenges for FY 2021 (Unaudited)

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

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 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]

1 As reported in the CBRE Office Vacancy Report Q2 2020

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.

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 cost avoidances 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, addressing numerous 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 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 the National Academy of Public Administration (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.

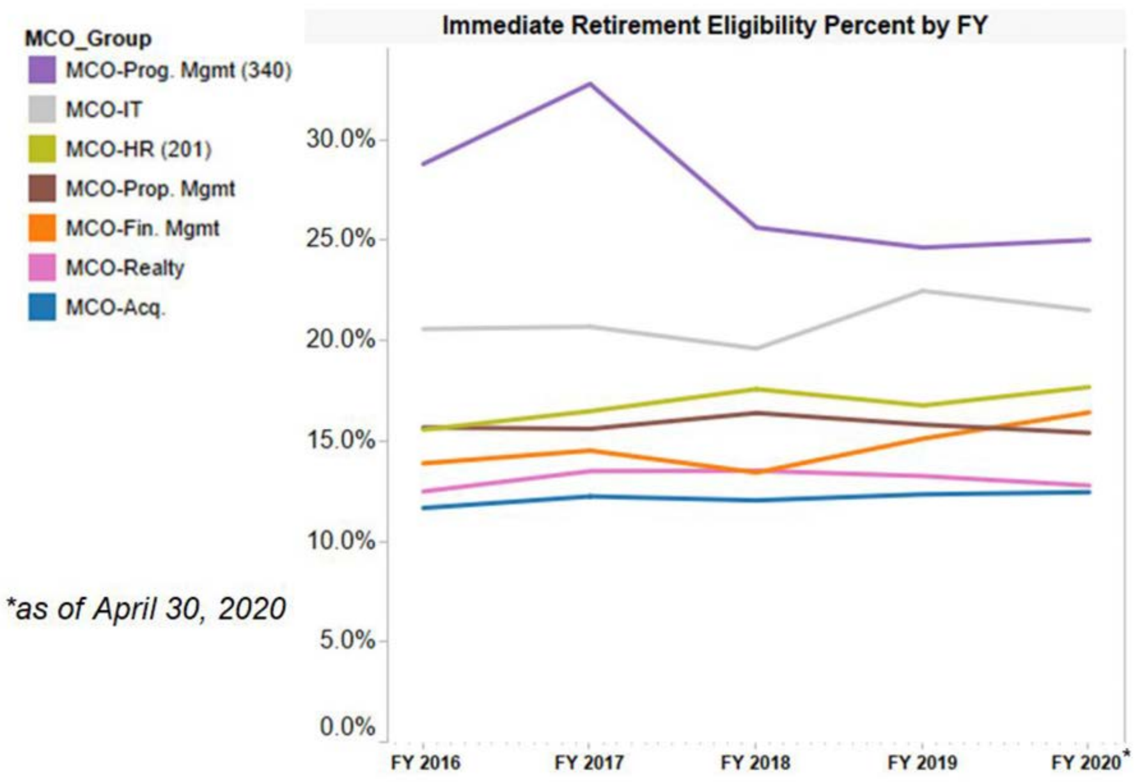
Over the next year, GSA plans to continue this emphasis on effective human capital management with the following activities:

- 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."*

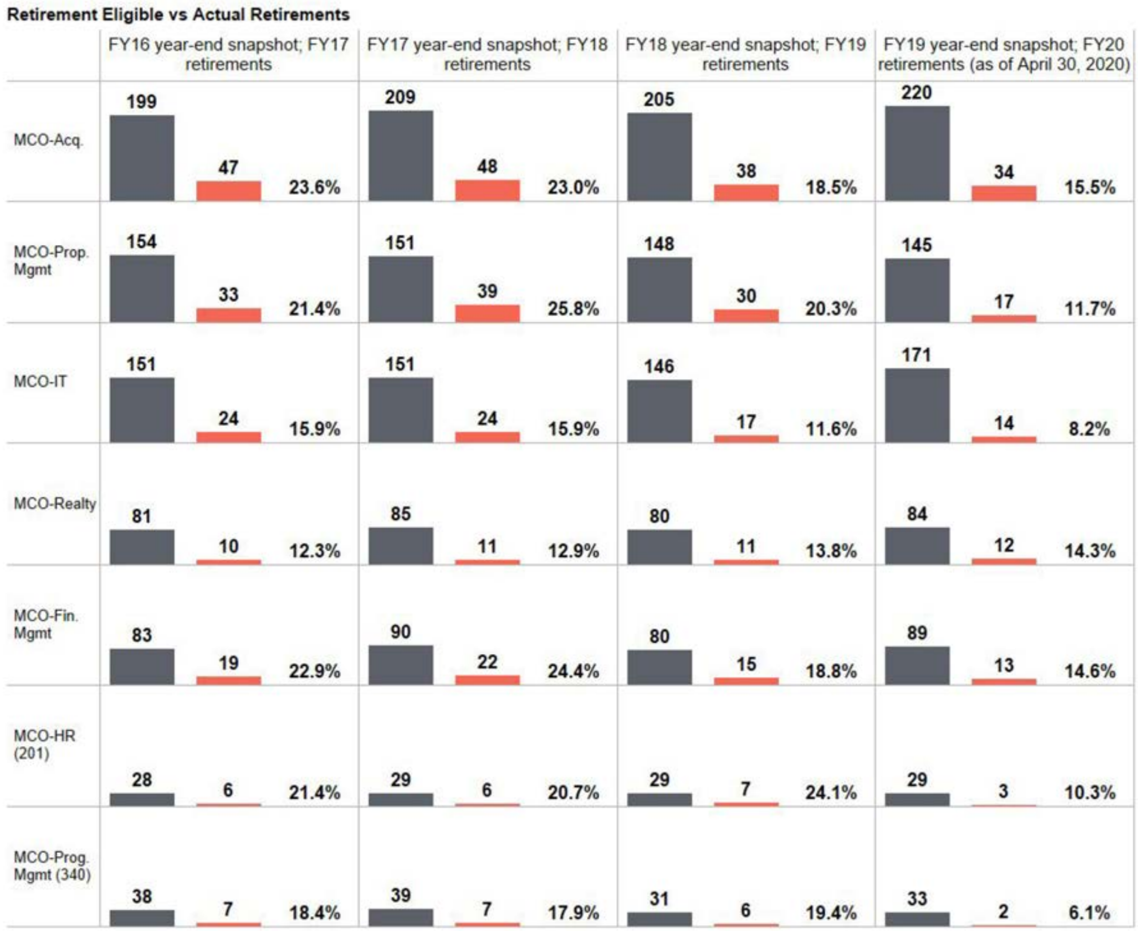
As evidenced by the rigorous methods it uses to both track and forecast changes in retirement eligibility, GSA agrees that this is an important metric with significant implications for the workforce. However, according to GSA's most recent workforce data, MCO retirement eligibility at GSA is consistent 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

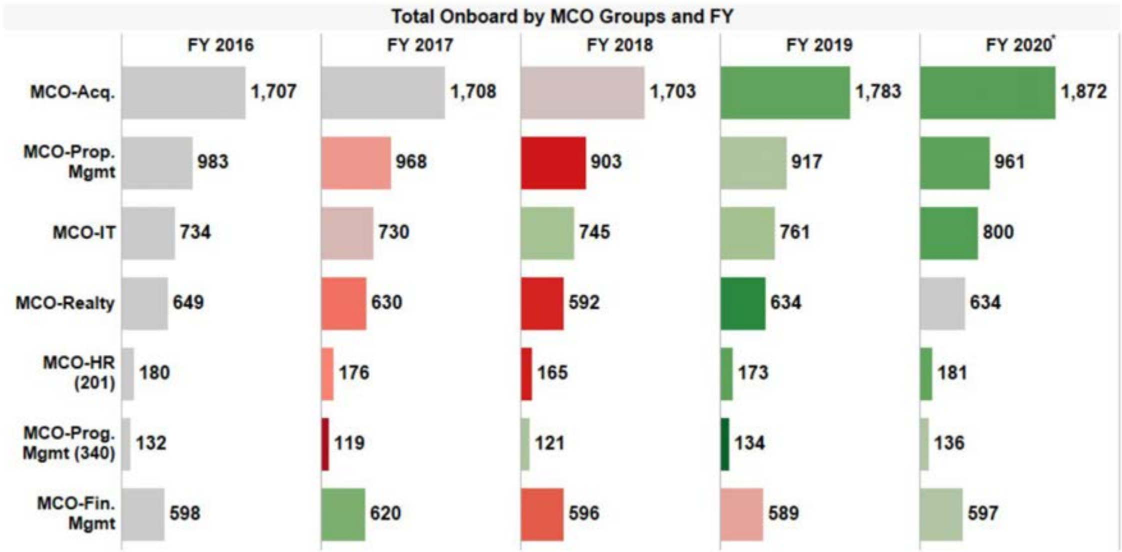


Black indicates employees eligible for retirement at the start of the FY. Orange indicates actual retirements during the FY. Percentage of retirement eligibles who retire is displayed on the right.

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

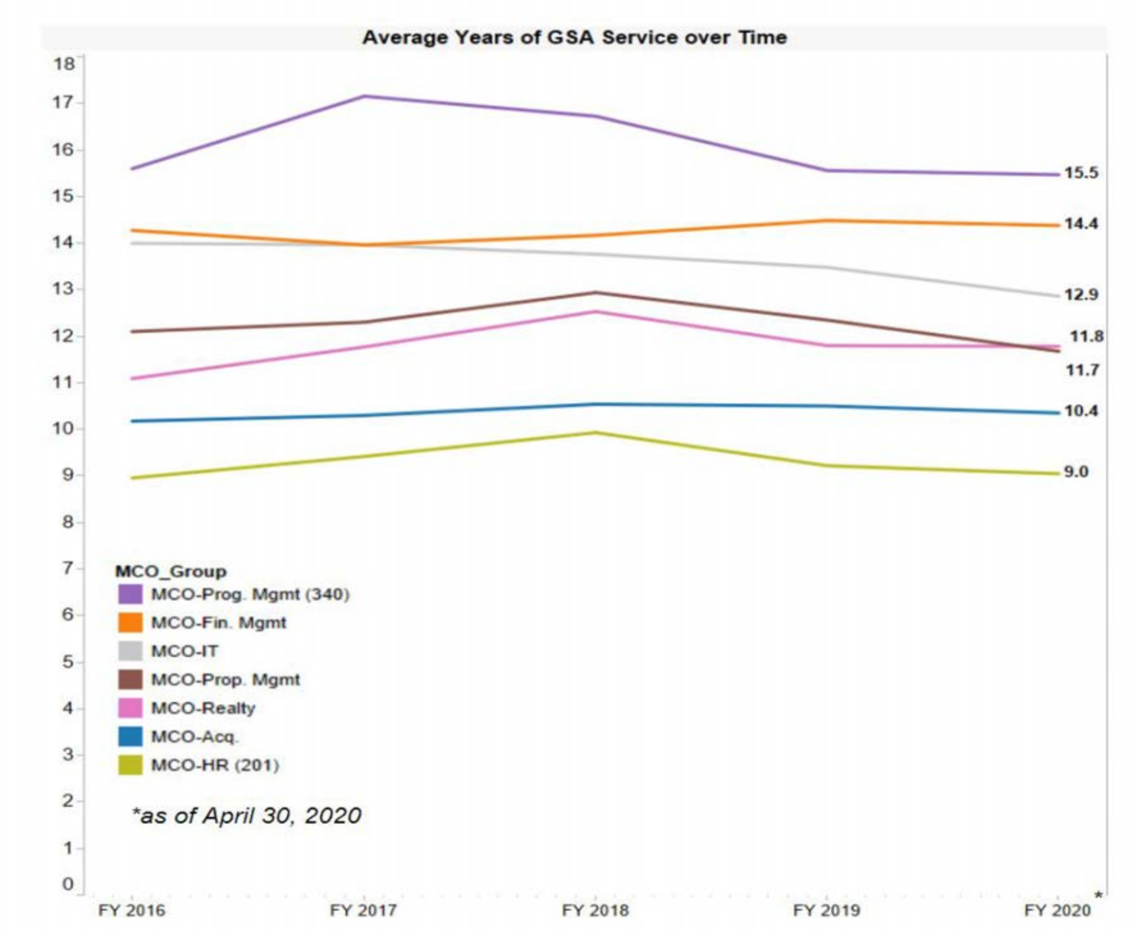


**As of April 30, 2020. Green indicates net increase from prior FY. Red indicates net decrease from prior FY.*

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.

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.*

Additionally, GSA developed the R*eturn 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 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.

Summary of Financial Statement Audit & Management Assurances (Unaudited)

Table 1 Summary of Financial Statement Audit

Audit Opinion	Unmodified
Restatement	No

Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Material Weaknesses	0	0	0	0	0

Table 2 Summary of Management Assurance

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)	
Statement of Assurance	Unmodified

Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0

Effectiveness of Internal Control over Operations (FMFIA § 2)	
Statement of Assurance	Unmodified

Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0

Compliance with Federal Financial Management System Requirements (FMFIA § 4)	
Statement of Assurance	Federal Systems comply to financial management system requirements

Non-Compliance	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
	0	0	0	0	0	0
Total Non-compliances	0	0	0	0	0	0

Compliance with Section 803(a) of the Federal Financial Management Improvement Act (FFMIA)		
	Agency	Auditor
1. Federal Financial Management System Requirements	No lack of compliance noted	No lack of substantial compliance noted
2. Applicable Federal Accounting Standards	No lack of compliance noted	No lack of substantial compliance noted
3. USSGL at Transaction Level	No lack of compliance noted	No lack of substantial compliance noted

Payment Integrity (Unaudited)

Background

The Payment Integrity Act of 2019 provides guidance on monitoring and reporting improper payments. Improper payments are payments made by the Government to the wrong person, in the wrong amount (either an underpayment or overpayment), for the wrong reason, or where documentation is not sufficient enough to discern whether a payment was proper.

The act reorganizes and revises several existing improper payments statutes, which establish requirements for Federal agencies to cut down on improper payments made by the Federal Government. In addition, the updated guidance also includes the following:

1. The Office of Management and Budget (OMB) may establish one or more pilot programs to test potential accountability mechanisms for compliance with requirements regarding improper payments and the elimination of improper payments.
2. The bill requires the OMB to update its plan for improving the death data maintained by the Social Security Administration and improving Federal agency use of death data.
3. Additionally, the bill establishes an interagency working group on payment integrity.

OMB Circular A-136 requires agencies to report information on payment integrity. For more detailed information on GSA's improper payments in this and previous fiscal years, visit paymentaccuracy.gov. This site includes frequently asked questions relating to improper payments, annual improper payment data sets, and program scorecards.

The U. S. General Services Administration (GSA) tested three existing programs to determine if they were at high risk for improper payments: Employee Payments, Purchase Cards, and Travel. The testing results confirmed these programs are not at high risk for improper payments.

Additionally, OMB establishes reporting requirements for programs classified as high risk or high priority for improper payment reporting. None of GSA's programs are classified as high risk or high priority for improper payment reporting.

In fiscal year (FY) 2020, GSA complied with Improper Payments Elimination and Recovery Improvement Act reporting requirements.

Payment Recapture Audit Program

The Recovery Audit Act requires agencies that award more than $500 million annually in contracts establish programs to recover overpayments to contractors. The purpose of the payment recapture audit is to identify and possibly recover overpayments. Payment recapture audits are conducted only when it is determined to be cost effective. For FY 2020, GSA had one program, Rental of Space, where a payment recapture audit was required. The Engagement Management Report for the recapture audit did not include any recommendations for corrective action.

GSA reviews the Rental of Space program annually to detect and recover overpayments or other errors, and identifies opportunities for process improvement. This review includes an analysis of lease contracts, lease amendments, and lease digest actions, as well as the development of a detailed monthly rental schedule from the beginning of a lease to its most recent payment. The results are compared to actual payments by month, to determine if discrepancies exist. Discrepancies are quantified and identified as to nature and origin.

Rent overpayments, rent credits, and real estate tax credits are common sources of overpayments. Root causes for rent-related overpayments include calculation errors, administrative errors, system errors, failure to take the proper rent credits, failure to charge rent on time or at all, and failure to timely terminate the lease. In addition, overpayments for real estate tax credits are caused by failure of the lessor to comply with the lease contract and submit tax bills or refunds, the complexity in determining the base year tax amount, and improperly determining which line items of the tax bill GSA is required to pay.

To address rent-related overpayments, GSA has taken corrective action by providing Lease Payment Audit refresher training. In addition to training, GSA implemented a change from regional to zonal administration of lease payments for taxes and other rent adjustments. Changes include proactive review of each lease annually for compliance with tax clauses and documentation, and systemic corrective action through information technology (IT) enhancements to provide national consistency and improve accuracy and timeliness.

GSA's payment recapture audit identifies claims related to the Rental of Space program. GSA establishes claims in accordance with the Debt Collection Improvement Act of 1996.

Fraud Reduction Report

In addition to being costly to taxpayers, fraud poses a serious risk to the execution of Federal programs and the ability of those programs to serve the public. To address the ever-increasing risk of fraud, Congress passed the Fraud Reduction and Data Analytics Act of 2015 (FRDAA). This act requires:

- The implementation of control activities designed to prevent, detect, and respond to fraud at GSA.
- Annual reporting on GSA's progress in implementing financial and administrative controls to identify and assess fraud risks.
- The establishment of a Government-wide fraud working group.

Guidance, implementation instructions, and the internal control framework for FRDAA are provided in:

- OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, July 2016 and

GAO-14-704G, Standards for Internal Control in the Federal Government, September 2014, commonly known as the Green Book.

Fraud Reduction Activities at GSA

As required, OMB established the Fraud Working Group, which aims to improve the sharing and development of data analytics and financial and administrative controls. As part of this group, GSA and other Federal agencies contribute best practices and techniques for detecting, preventing, and responding to fraud.

In implementing these best practices and techniques, GSA leverages Government-wide tools to strengthen controls that reduce the risk of fraud against the Federal Government. For example, Do Not Pay (DNP) is an initiative mandated by the Improper Payments Elimination and Recovery Improvement Act of 2012. In order to eliminate erroneous payments, GSA screens potential vendors before awarding a contract or making a payment. Further, GSA uses the DNP database in the acquisition process where potential vendors are evaluated and cross-checked with GSA's System for Award Management (SAM) and the Internal Revenue Service's Taxpayer Identification Number Match Program.

GSA works closely with the Office of the Inspector General (OIG) to implement recommendations identified during audits and investigations. The OIG analyzes potentially fraudulent or otherwise criminal activities. It conducts nationwide criminal, civil, and administrative investigations of illegal or improper activities involving GSA programs, operations, and personnel. GSA reviews OIG reports and Semiannual Reports to Congress to help identify areas where controls could be improved.

GSA employees are privy to an abundance of information and processes for reporting fraud, and are made aware of what constitutes potentially fraudulent activity and how to report it. GSA requires its employees to complete annual training courses that cover ethics, insider threat and awareness, cybersecurity and privacy, the No Fear Act, accountability for personal property, and internal controls. This training includes modules that describe what constitutes fraudulent activity, what types of behavior are considered acceptable and unacceptable, and how and when potentially fraudulent activity should be reported. Training is updated annually to incorporate the latest fraud risk schemes. Additional information is also available to employees on the GSA employee portal, InSite.

On an annual basis, GSA assesses compliance with the Government Accountability Office's (GAO) 5 components and 17 principles of internal control. This assessment specifically includes requirements from the Green Book principle 8 - Assess Fraud Risk. The results are analyzed to identify internal control issues or concerns. GSA's senior assessment team, the Management Control and Oversight Council (MCOC), reviews the results, including fraud risk, to ensure findings are appropriately addressed in the Administrator's Annual Statement of Assurance. The MCOC provides a structure for GSA's senior management to convene and provide the leadership and oversight necessary to implement and maintain the agency's internal control program.

GSA addressed fraud at the program level through annual internal program reviews, which include a risk assessment. GSA has a total of 360 internal control reviews, which it evaluates over a 5-year cycle. In FY 2020, the reviews did not identify any material weakness or significant deficiencies.

GSA COVID-19 Pandemic Response

In response to the COVID-19 pandemic, on March 27, 2020, President Trump signed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (P. L.116-136) into law. GSA published the CARES Act Financial Internal Control Plan, describing how GSA planned to mitigate fraud risks. As a part of this effort, GSA outlined the use of funds, identified potential risk for fraud, established controls for spending, and highlighted reporting requirements.

GSA established the Executive Reporting and Management Oversight team to provide GSA leadership with executive-level reporting on COVID-19 activities. This group provides routine communications to senior leadership and tracks COVID-19 program implementation, strategic cohesiveness of response efforts, and cross-program coordination. In addition, policy updates are continually monitored and shared with GSA leadership for dissemination to applicable organizations.

Funds used to perform COVID-19 response activities are tracked using specific CARES Act fund and project codes. Spending is monitored regularly to validate funds are used for their intended purpose. Each month, GSA prepares and submits an executive summary to leadership describing COVID-19 spending and compliance with authoritative guidance.

Combating fraud is a collaborative effort for GSA. GSA Services, Staff Offices and Independent Offices play a vital role in identifying and preventing fraud. Included in the following are strategic efforts by each.

GSA Services

Public Buildings Service

The Public Buildings Service (PBS) works in close coordination with its business partners — including the OIG, the Office of Government-wide Policy (OGP), the Office of the Chief Financial Officer (OCFO), and the GAO — to strengthen controls and reduce the risk of fraud. PBS collaborates with these entities to implement recommendations and corrective actions that mitigate risks associated with fraud across its business processes. PBS has enhanced and automated its processes to improve transparency and reduce fraudulent activity. PBS complies with internal policies for requesting, tracking, and approving transactions.

Additional acquisition fraud detection activities include:

- Prior to lease award, PBS verifies offeror eligibility for participation in Federal contracts using the Exclusions Extract available in the SAM database, which requires contractor registration. By verifying potential contractors are not debarred or suspended, GSA is able to more effectively limit its potential for fraudulent activity in its leasing program.

- PBS tracks its payments for lease projects using the GSA Real Estate Exchange and Real Estate Across the U.S. systems to identify project or payment anomalies that potentially reflect fraudulent activity.
- PBS worked with OCFO to implement a receiving report module in the acquisition system to enable receipt and payment of services electronically, thereby eliminating duplicative entries. The interfacing accounting system helps to identify project or payment anomalies that potentially reflect fraudulent activity.

Federal Acquisition Service

FAS works hand-in-hand with OCFO to mitigate risks associated with fraudulent financial reporting and the misuse of assets. Segregation of duties is incorporated in its financial, travel, and procurement systems. Specifically, transactions including purchase requests, travel authorizations, and credit card purchases are approved by a fund manager and certified by an independent OCFO official, validating internal control compliance.

Additional program-specific fraud detection activities include:

- FAS' National Customer Service Center uses best practices, including customer identity verification procedures, for identifying potential fraud when customers place orders with GSA.
- GSA Fleet has a loss-prevention team that uses routine reports to monitor GSA fleet cards for fraud, waste, and abuse.
- The Acquisition Center Multiple Award Schedule program proactively completes contractor assessments within the program to review compliance with contract terms and conditions. This review includes correctness of reporting, overcharges, scope, Trade Agreement Act, and other contract requirements. The findings have resulted in recovered funds of over $6.8 million in FY 2020. Issues of compliance are tracked and contracting officers and contracting specialists are provided a status for assigned contracts.
- SAM is the centralized service that supports Federal acquisition and financial assistance awards managed by the GSA Integrated Award Environment (IAE) program management office. When upgrading SAM, GSA ensured fraud vulnerabilities were implemented using a third party to evaluate and test the program.
- SAM supported 296 active fraud investigations in FY 2020, providing detailed system records and audit data to the GSA OIG and other agencies' inspectors general. The data and subject matter expertise provided by the IAE program was critical in multiple successful inter-agency prosecution efforts, and demonstrates GSA's ongoing commitment to fighting procurement and supply chain fraud.
- FAS educated users and increased awareness of phishing and deceptive, unsolicited email practices employed by companies not affiliated with the Government. IAE updated its help content

and shared instructions for users to identify and report potential suspicious activity by leveraging resources in the U.S. Computer Emergency Response Team, the Federal Bureau of Investigation, and the Federal Trade Commission.

GSA Staff Offices

Office of Administrative Services

The Office of Travel and Charge Card Services established a centrally billed account and contracted a vendor to monitor travel card payments and transportation expenses, respectively. The vendor performs an automated reconciliation of travel transportation billings and provides GSA with a list of reconciled charges. There are no delinquencies on this account since it is paid on a bi-weekly basis.

For individually billed accounts, GSA automated the process for providing each cardholder's supervisor with a monthly delinquency report, resulting in improved timeliness, increased transparency, and deterred fraudulent activity. Supervisors counsel and discipline employees, as necessary, in consultation with the Office of Human Resources Management (OHRM).

To mitigate the risk associated with employees who separate from GSA and fail to properly return or destroy their charge cards, GSA uses a daily employee separation list to verify active card holders. The accounts of employees who have separated are immediately canceled with U.S. Bank. As an additional control, a monthly separation list from OHRM is used to verify the accounts for separated employees that may have been missing from the daily list and are closed with U.S. Bank. GSA reconciles the list of active U.S Bank charge card participants to human resource files on a periodic basis, at least once a year.

GSA uses state of the art credit card monitoring practices to ensure the legitimate use of its purchase and travel cards. These include:

- Leveraging U.S. Bank's payment analytic tool to flag questionable transactions and ensure transactions are not split to bypass purchase card limits. All flagged activity is further investigated and determined to be valid or recommended for disciplinary action.
- Monitoring retail blocks on questionable or high-risk Merchant Category Codes for purchases and travel, and reviews and updates the use of these codes periodically.

GSA requires all approving officials, cardholders, and agency and organization program coordinators to complete training prior to appointment and issuance of a charge card for purchase or travel, in addition to completing a refresher training every 2 years for travel cards and every 3 years for purchase cards.

Office of Government-wide Policy

The Procurement Management Review (PMR) Division ensures that adequate internal controls for procurement activities are in place and operating as designed. These reviews identify ways to strengthen controls that reduce risks. If instances of potential fraud surface, the PMR Division will contact the GSA OIG.

The Suspension & Debarment Division reviews reports of confirmed or alleged fraud in public contracting. Based on these reports, the division considers whether suspension or debarment from Federal Government contracting is required. The division can penalize contractors by means other than suspension and debarment to protect the Government from fraud and other contractor misconduct. Once a final decision is made regarding suspension or debarment, SAM is updated, alerting contracting officers. Ensuring SAM is up to date reduces the risk of contracting officers procuring services from suspended or debarred contractors.

OGP's Office of Information Integrity and Access manages the .gov top-level domain registry for Federal, State, Tribal, and local governments. OGP uses a variety of methods and techniques to prevent bad actors from obtaining a .gov domain under false pretenses. All applicants are carefully vetted and verified through multiple third-parties, per individual request. On a limited number of occasions, OGP has engaged the GSA OIG to investigate fraudulent domain registration attempts that have been detected.

OGP manages the Federal Identity, Credential, and Access Management program. In this capacity, OGP partners with the OMB and the National Institute of Standards and Technology to ensure Federal agencies have policy-compliant solutions to assert the identities of Federal and contractor employees and that agencies purchase policy-compliant physical access security systems.

Lastly, OGP manages the Federal Public Key Infrastructure (PKI) Policy Authority by setting policy governing the Federal PKI Trust Infrastructure, approving applicants for cross certification with the Federal Bridge Certification Authority, and providing oversight to the Certified PKI Shared Service Provider Program.

Office of the Chief Information Officer

The Office of GSA Information Technology (GSA IT) seeks to reduce and prevent fraud through a progressive, integrated approach, capitalizing on cutting-edge technical solutions. For example, in May of this year, GSA IT introduced program-level changes in the SAM/IAE environment to correct and prevent instances of suspended and debarred contractors from obtaining awarded contracts. As a part of this effort, the DNP database is updated daily to tag suspended or debarred vendors and reduce the likelihood that a contract is awarded to an unauthorized provider.

For FAS business systems GSA Advantage!® and GSA eBuy!, GSA IT integrated a third-party identity management solution to provide multi-factor authentication (MFA). GSA IT's ASSIST team implemented MFA for all external vendors and Federal clients. MFA was also implemented for the Office of Personal Property Management websites GSAXcess, GSAAuctions and MySales by August 2020. Since MFA requires a user ID and password, as well as a one-time password, it reduces the risk of unauthorized access and provides extra security for customers, including Federal agencies, State and local governments, non-profit organizations, and the general public.

GSA IT tracks and retains user traces so historical data is available for OIG investigations in an effort to reduce fraud in the Computers for Learning program.

For the Fleet program, the loss-prevention team identified several functions where fraudulent activities are both possible and tempting. Specifically, analysts look for anomalies in fuel usage by tracking vehicle fuel consumption rates (miles per gallon/mpg) and the amount of fuel dispensed. By developing multiple dashboards, analysts can drill down to review a specific transaction via the vehicle identification number and identify all relevant vehicles that have fuel consumption anomalies. The Overtank and Miles per Gallon dashboards are two that are used to detect fraud. Following an investigation, the analysts forward suspected fraud to the GSA OIG or mark it as false positive. In addition, the Fleet loss-prevention team has deployed ad hoc capabilities so that a robust data exploration is available to the analysts.

GSA IT's infrastructure support teams provide a weekly report of web applications' user login and logout activities to the GSA IT security and financial management teams. This report enables anomaly detection and can indicate patterns that may be indicative of fraudulent activity.

Additional steps have been taken this year to prevent fraudulent software use by reconciling user software licenses and encouraging self reporting for active licenses. As a part of the annual user recertification process, licensed users are asked to report on the status of active software licenses.

GSA IT continues to focus expertise and resources on preventing fraud through tracking and minimizing the use of social security numbers requiring all employees and contractors to complete annual IT security and privacy training, and using detection and prevention tools on outbound email to flag sensitive information such as personally identifiable information.

Office of the Chief Financial Officer

OCFO is committed to developing and maintaining the financial management knowledge and skills of its staff. In this vein, OCFO offers continuing education opportunities focused on financial management. Additionally, offices within OCFO participate in trainings tailored to specific job tasks. For example, in an effort to address prior audit findings, applicable offices within OCFO participated in Antideficiency Act training. Maintaining training beyond fraud reinforces the importance of proactively mitigating risks through good stewardship of funds and sound financial management, creating an atmosphere of professional accountability.

Additional oversight occurs when the OCFO Payroll Services Branch and the Payroll Accounting and Reporting (PAR) system are audited annually. These audits include service organization controls, agreed-upon procedures on behalf of GSA, and multiple client-agency financial statement audits. The testing performed during these audits includes reviewing:

- The payroll system access, calculations, and processing controls;
- The entirety of the OCFO Payroll Services Branch processes and controls; and
- The accuracy of the payroll reporting to the financial systems.

The OCFO payroll operations team has stringent controls in place for the certification and transmission of payment files to the U.S. Department of the Treasury for the actual fund disbursements to payees via Treasury's Secure Payment System. Payroll disbursement transactions and processes, and the controls over them, are regularly reviewed by the payroll supervisors and are included in the scope for the annual audits performed. Fraud has not been detected or reported on by the payroll staff, IT support staff, related operations, or the PAR system.

OCFO payroll operations team does receive periodic OIG investigative requests for employee pay, time, and attendance data from the payroll system. This information is provided in full and in the strictest of confidence.

The primary concern of the OCFO payroll operations is ensuring that all certified time and attendance actions are processed timely and accurately for disbursement. An action certified is presumed to be accurate and authorized for processing and subsequent disbursing. The retroactive payroll system process is available when agency employees, supervisors, and HR officials identify administrative errors have been made in the originally processed transactions or time cards. In these instances, the employee, supervisor, and HR official prepare, certify, and process retroactive actions to correct or adjust the previously submitted transactions.

In addition, OCFO has made progress identifying risks and vulnerabilities to fraud with respect to payroll and beneficiary payments. The time management system integrates leave requests with the time cards and reduces risks associated with paying employees improperly. Controls reduce the risk of paying employees after separation.

GSA Independent Offices

Office of Inspector General

Integrity Awareness

The OIG presents integrity awareness briefings nationwide to educate GSA employees on their responsibilities for the prevention of fraud and abuse. This period, the OIG presented 20 briefings attended by 1,332 GSA employees, employees from other Government agencies, and Government contractors. These briefings explain the statutory mission of the OIG and the methods available for reporting suspected instances of wrongdoing. In addition, through the presentation of case studies, the briefings make GSA employees aware of actual instances of fraud at GSA and other Federal agencies and thus help to prevent their recurrence. GSA employees are the first line of defense against fraud, abuse, and mismanagement. They are a valuable source of investigative information.

Semiannual Report to Congress

The GSA OIG plays a significant role in the prevention and detection of fraud at GSA, including through OIG investigations, the Suspension and Debarment Initiative, and the OIG Hotline. An overview of each, as well as GSA's FY 2020 incidents included in the Semiannual Reports to Congress (SAR), follows.

- OIG Investigations - The Office of Investigations conducts independent and objective investigations relating to GSA programs, operations, and personnel. The office consists of special agents with full statutory law enforcement authority to make arrests, execute search warrants, serve subpoenas, and carry concealed weapons. Special agents conduct criminal, civil, or administrative investigations that often involve complex fraud schemes. Investigations can also involve theft, false statements, extortion, embezzlement, bribery, antitrust violations, credit card fraud, diversion of excess Government property, and digital crimes.

2020 SARs	October 1 - March 31	April 1 - September 30	Total
Opened Investigative Cases	70	53	123
Closed Investigative Cases	72	62	134
Subjects Referred for Criminal Prosecution	262	88	350
Helped Obtain Convictions	17	12	29
Monetary Recoveries	$2,027,085	$89,947,634	$91,974,719

Suspension and Debarment Initiative - GSA has a responsibility to ensure the people and companies it does business with are not excluded parties, which are individuals or organizations that have been declared ineligible to receive Federal contracts. The Federal Acquisition Regulation authorizes an agency to suspend or debar individuals or companies for the commission of any offense indicating a lack of business integrity or business honesty that directly affects the present responsibility of a Government contractor or subcontractor. The OIG has made it a priority to process and forward referrals to GSA, ensuring the Government does not award contracts to individuals or companies that lack business integrity or honesty.

2020 SARs	October 1 - March 31	April 1 - September 30	Total
Referrals for Consideration of Suspension or Debarment	92	32	124
Actions Issued Based on Referrals	104	73	177

- OIG Hotline - GSA maintains the OIG hotline, providing employees the opportunity to anonymously report suspected wrongdoing that could adversely impact GSA. Additionally, GSA uses signage within GSA controlled-buildings to offer further guidance to employees regarding the OIG hotline's intended purpose and direction for the submission of inquiries. Finally, the OIG also allows employees to submit online complaints. The OIG is intentional in efforts to offer employees and other concerned citizens multiple avenues to report suspected cases of intentional or unintentional fraud.

2020 SARs	October 1 - March 31	April 1 - September 30	Total
Received Hotline Contacts	650	488	1,138
Hotline Contacts Referred for Review and Appropriation Action	60	40	100
Referred to Other Federal Agencies	14	2	16
Referred to OIG Office of Audits	17	21	38
Referred to Investigative Field Offices	69	56	125

Other GSA Statutorily Required Reports (Unaudited)

Debt Management

The U.S. General Services Administration (GSA) reported $119 million of outstanding debt from non-Federal sources, subject to the Debt Collection Improvement Act of 1996 (DCIA). Of that amount, $15.6 million, or 13 percent, of the outstanding debt was delinquent at the end of fiscal year (FY) 2020. Non-Federal receivables consist of debts owed on third-party claims, travel advances, proceeds from the sale of real property, and other miscellaneous receivables.

To comply with the DCIA, GSA transmits delinquent claims each month to the U.S. Treasury's Bureau of the Fiscal Service for cross-servicing collection. During FY 2020, GSA managed collections of non-Federal claims valued in excess of $1.21 billion of which $7.5 million in delinquent claims were referred to the U.S. Treasury for cross-servicing collection activities.

The Office of the Chief Financial Officer continued to implement and initiate actions to improve debt collection efforts and to reduce the amount of debt written off as uncollectible by GSA. GSA actively pursues delinquent non-Federal claims using installment agreements, salary offset, administrative wage garnishment, and any other applicable statutory authority. Resolving delinquent accounts receivables and claims is a high priority for the agency.

Cash and Payments Management

The Prompt Payment Act, along with the DCIA, requires the timely payment of commercial obligations for supplies and services using electronic funds transfer. In FY 2020, GSA paid interest of $164,472 on disbursements subject to the PPA of $26.3 billion, or $6.25 in interest per million disbursed. The statistics for the current and preceding two fiscal years are:

	2018	2019	2020
Total Number of Invoices Paid	2,123,989	2,090,857	2,071,217
Total Dollars Disbursed (in billions)	$21.2	$22.5	$26.3
Total Dollars of Interest Penalties	$488,255	$599,850	$164,472
Interest Paid per Million Disbursed	$23.48	$26.65	$6.25
Percentage of Invoices Paid-On-Time	99.7%	99.7%	99.8%
Percentage of Invoices Paid Late	0.3%	0.3%	0.2%
Percentage of Invoices Paid Electronically	97.3%	99.2%	99.8%

Real Property (Unaudited)

The U.S. General Services Administration's (GSA) Public Buildings Service (PBS) is one of the largest, most diversified public real estate organizations in the United States. Within its inventory of over 8,800 owned and leased properties, GSA houses more than 60 Federal agencies with wide-ranging missions. While office space makes up over 70 percent of PBS' inventory, PBS also manages unique spaces including courthouses, border stations, and medical and scientific laboratories.

Since 2014, PBS has decreased its total portfolio of space by more than seven million rentable square feet (RSF), with the majority of the decrease being in the leased portfolio. This total decrease in RSF is a testament to PBS' continued work to implement the Reduce the Footprint (RTF) policy as well as its mission to maintain an inventory of robust assets that meets the needs of its customers. Further detailed property information on the total portfolio that PBS manages can be found in its State of the Portfolio reports.

GSA leads Federal agencies in reducing its own footprint with a 32 percent decrease in usable square footage (USF) since fiscal year (FY) 2015, allowing GSA to realize a savings of $3.4 million in overhead and maintenance costs in FY 2019. During FY 2019, GSA kicked off the consolidation of its National Capital Region into GSA's headquarters building at 1800 F Street NW (both in Washington, DC). The move resulted in GSA releasing approximately 250,000 USF from the regional office building in December 2019. Visit performance.gov, to review GSA's RTF results for its occupied space.

GSA is continuously seeking to maximize the use of Federally owned space, eliminate costly lease arrangements, and dispose of underutilized assets. GSA seeks to improve the use of space through various workplace strategies including: reconfiguring individual, collaborative, and support spaces; a continued emphasis on enabling and supporting mobile work; and shifting from traditional office space to more flexible, equitable open-plan workplace environments.

Civil Monetary Penalties Inflation Adjustment (Unaudited)

The Federal Civil Penalties Inflation Adjustment Act of 2015 (the Inflation Adjustment Act), as amended, requires agencies to make regular and consistent inflationary adjustments of civil monetary penalties to maintain their deterrent effect. The penalty and the applicable authority is identified for adjustment in accordance with the Inflation Adjustment Act and is listed below:

Statutory Authority	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation	Current Penalty Level ($ Amount or Range)	Sub-Agency/ Bureau/Unit	Location for Penalty Update Details
40 U.S.C. 121 (c) and 31 U.S.C 3809	Program Fraud Civil Remedies Act	1986	4 Nov 19	$11,282 for each false, fictitious, or fraudulent statement	N/A	41 CFR Part 105-70, effective November 4, 2019 (rule published October 4, 2019)

Acronyms & Abbreviations

AAS	Assisted Acquisition Services
ADA	Antideficiency Act
AFR	Agency Financial Report
API	Application Programming Interface
APR	Annual Performance Plan and Report
ASF	Acquisition Services Fund
ASSIST	Assisted Services Shared Information System
BAT	Building Assessment Tool
CALC	Contract Awarded Labor Category
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CBCA	Civilian Board of Contract Appeals
CDC	Centers for Disease Control and Prevention
CDM	Continuous Diagnostics and Mitigation
CFO	Chief Financial Officer
CFR	Code of Federal Regulations
CMA	Comparative Market Analysis
COR	Contracting Officer Representative
CORC	Contracting Officer Representative Council
CSBR	Combined Statements of Budgetary Resources
CSRS	Civil Service Retirement System
DATA Act	Digital Accountability and Transparency Act of 2014
DCIA	Debt Collection Improvement Act of 1996
DHS	Department of Homeland Security
DM&R	Deferred Maintenance and Repairs
DNP	Do Not Pay
DOL	U.S. Department of Labor
EELP	Enterprise Emerging Leaders Program
EIS	Enterprise Infrastructure Solution
ELIM	Intra-GSA Elimination
EOA	Eliminate, Optimize, Automate
EOP	Executive Office of the President
ESCO	Energy-Service Companies
ESPC	Energy Savings Performance Contracts
FAR	Federal Acquisition Regulation
FAS	Federal Acquisition Service
FASAB	Federal Accounting Standards Advisory Board
FASTA	Federal Assets Sale and Transfer Act
FBF	Federal Buildings Fund
FBPTA	Federal Buildings Personnel Training Act
FBwT	Fund Balance with Treasury
FCI	Facility Condition Index
FCSF	Federal Citizen Services Fund
FECA	Federal Employees' Compensation Act
FedRAMP	Federal Risk and Authorization Management Program
FEMP	Federal Energy Management Program
FERS	Federal Employees Retirement System
FFATA	Federal Financial Accountability and Transparency Act of 2006
FFMIA	Federal Financial Management Improvement Act of 1996
FFO	Funds From Operations
FIBF	Federal Integrated Business Framework
FISMA	Federal Information Security Management Act
FIT	Furniture and Information Technology program
FITARA	Federal Information Technology Acquisition Reform Act
FMFIA	Federal Managers' Financial Integrity Act of 1982
FMP	Federal Marketplace Strategy
FPS	Federal Protective Service
FR	Financial Report

FRDAA	Fraud Reduction and Data Analytics Act of 2015
FSS	Federal Supply Schedule
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GCIMS	GSA Credential and Identity Management System
gPM	Global Project Management
GS&S	General Supplies and Services
GSA	U.S. General Services Administration
GSA IT	Office of GSA's Chief Information Officer
GSAR	GSA Acquisition Regulation
GTAS	Government-wide Treasury Account Symbol Adjusted Trial Balance System
HR	Human Resources
HSPD	Homeland Security Presidential Directive
HSSO	Heads of Service and Staff Offices
IAE	Integrated Award Environment
ICE	Department of Homeland Security Immigration and Customs Enforcement
IPA	Independent Public Accountant
IPAC	Intra-Governmental Payment and Collection
IPV6	Internet Protocol 6
IT	Information Technology
JPT	Joint Product Team
KPI	Key Performance Indicators
LC	Labor Category
MAS	Multiple Award Schedule
MCO	Mission Critical Occupations
MCOC	Management Control and Oversight Council
MFA	Multi-factor Authentication
MiA	Made in America
MPG	Miles per Gallon
MRE	Meals Ready-To-Eat
NAICS	North American Industry Classification System
NAPA	National Academy of Public Administration
NASA	National Aeronautics and Space Administration
NAUL	Networks Authorized Users List
NCR	National Capital Region
NCSC	National Customer Service Center
NDAA	National Defense Authorization Act
NIST	National Institute of Standards and Technology
OA	Occupancy Agreement
OAS	Office of Administrative Services
OCE	Office of Customer Experience
OCFO	Office of the Chief Financial Officer
OCIA	Office of Congressional and Intergovernmental Affairs
OCR	Office of Civil Rights
OGC	Office of General Counsel
OGP	Office of Government-wide Policy
OHRM	Office of Human Resources Management
OIG	Office of the Inspector General
OMA	Office of Mission Assurance
OMB	Office of Management and Budget
OTP	One Time Password
OPC	Office of Policy and Compliance
OPM	Office of Personnel Management
OSDBU	Office of Small and Disadvantaged Business Utilization
OSC	Office of Strategic Communication
4P	Price Point PLUS Portal
P3	Public Private Partnerships
PACS	Physical Access Control Systems
PAP	Policy and Procedure
PAR	Payroll Accounting and Reporting
PBRB	Public Buildings Reform Board

PBS	Public Buildings Service
PCO	Procurement Contracting Officer
PIV	Personal Identity Verification
PKI	Public Key Infrastructure
PMR	Procurement Management Review
POC	Proof of Concept
PP&E	Plant, Property and Equipment
PSHC	Professional Services and Human Capital
QASP	Quality Assurance Surveillance Plan
QCP	Quality Control Plan
R&A	Repairs and Alterations
ROE	Report of Excess
RPA	Robotics Process Automation
RSAP	Requirement Specific Acquisition Platform
RSF	Rentable Square Feet
RTF	Reduce the Footprint
SAFe	Scaled Agile Framework
SAM	System for Award Management
SBA	Small Business Administration
SAR	Semiannual Report
SCRM	Supply Chain Risk Management
SF 133	Reports on Budget Execution and Budgetary Resources
SFFAS	Statement of Federal Financial Accounting Standards
SFFAC	Statement of Federal Financial Accounting Concepts
SIN	Special Item Number
SLAT	Simplified Lease Acquisition Template
SoA	Statement of Assurance
SSA	Social Security Administration
TAA	Trade Agreements Act
TDR	Transactional Data Reporting
TMF	Technology Modernization Fund
TSP	Thrift Savings Plan
TTL	Travel, Transportation and Logistics
TTS	Technology Transformation Services
UESC	Utility Energy Service Contract
USC	United States Code - Civil and Monetary Penalties table - added
USF	Usable Square Footage
USSGL	U.S. Standard General Ledger
VoIP	Voice over Internet Protocol
WCF	Working Capital Fund

Endnotes

Page no.	URL address of hyperlink
3	https://www.gsa.gov/reference/reports/budget-performance/annual-reports
6	https://www.gao.gov/assets/80/76911.pdf
6	https://tfm.fiscal.treasury.gov/v1.html#Part2
6	https://www.whitehouse.gov/wp-content/uploads/2020/08/OMB-Circular-A-136-2020.pdf
8	https://www.whitehouse.gov/wp-content/uploads/2018/06/a11.pdf
11	https://www.gsa.gov/governmentwide-initiatives/emergency-response/covid19-coronavirus
11	https://digital.gov/resources/coronavirus-covid19-guidance-for-us-government/
11	https://www.usa.gov/coronavirus
15	https://www.gsa.gov/real-estate/real-estate-services/leasing-policy-procedures/lease-cost-avoidance
15	https://www.gsa.gov/real-estate/real-estate-services/leasing-policy-procedures/lease-offer-platform-lop/requirement-specific-acquisition-program
15	https://coe.gsa.gov/
15	https://www.gsa.gov/technology/government-it-initiatives/fedramp
16	https://www.performance.gov/CAP/sharing-quality-services/
16	https://www.performance.gov/CAP/low-value-to-high-value-work/
21	https://www.gsa.gov/about-us/organization/federal-acquisition-service
21	https://www.gsa.gov/about-us/organization/public-buildings-service
22	https://www.gsa.gov/about-us/organization/office-of-administrative-services
22	https://www.gsa.gov/about-us/organization/office-of-the-chief-financial-officer
23	https://www.gsa.gov/about-us/organization/office-of-congressional-intergovernmental-affairs
23	https://www.gsa.gov/about-us/organization/office-of-customer-experience
23	https://www.gsa.gov/about-us/organization/office-of-general-counsel-overview
23	https://www.gsa.gov/about-us/organization/office-of-governmentwide-policy-overview
23	https://www.gsa.gov/about-us/organization/office-of-human-resources-management
23	https://www.gsa.gov/about-us/organization/office-of-mission-assurance
24	https://www.gsa.gov/small-business
24	https://www.gsa.gov/about-us/organization/gsa-office-of-inspector-general
24	https://www.cbca.gov/
29	https://www.gsa.gov/technology/government-it-initiatives/fedramp
32	https://ussm.gsa.gov/fibf/
42	https://www.usaspending.gov/agency/614
156	https://insite.gsa.gov/cdnstatic/FY19%20PMR%20Results.pdf
156	https://insite.gsa.gov/cdnstatic/Standard%20Performance%20Element%20for%20GSA%20CORs.pdf

Page no.	URL address of hyperlink
156	https://insite.gsa.gov/employee-resources/acquisition-purchases-and-payments/acquisition-portal/in-the-news/acquisition-news/new-faccor-curriculum-now-in-effect
156	https://insite.gsa.gov/employee-resources/acquisition-purchases-and-payments/acquisition-portal/cor-and-pm-corner#CE
156	https://www.acquisition.gov/sites/default/files/archives/loose_leaf/GSAM%20Change%20102%20signed.pdf
157	https://hallways.cap.gsa.gov/app/#/gateway/fas-acquisition-policy-library/44128/pap-2018-06-revised-1-28-20-fas-acquisition-council-fac-for-reivew-of-external-facing-acquisitions
157	https://hallways.cap.gsa.gov/app/#/gateway/fas-acquisition-policy-library/57538/pap-2020-03-fas-contracting-officer-s-representative-function-standard-operating-procedures
187	https://www.paymentaccuracy.gov/
199	https://www.gsa.gov/about-us/organization/public-buildings-service/office-of-portfolio-management-customer-engagement
199	https://www.performance.gov/

Acknowledgements

The U.S. General Services Administration appreciates the contributions of all staff that compiled and produced the fiscal year 2020 Agency Financial Report. The AFR represents our agency's dedication to delivering on our mission to provide value and savings in real estate, acquisition, technology, and critical mission-support services across Government while adjusting to this year's unprecedented challenges.

Our AFR could not have come together without the work of the Office of Financial Management. Their year-round efforts to compile GSA's financial statements and accompanying notes, monitor internal controls and improper payments, and manage the financial statements audit position GSA to be an effective and responsible steward of public funds.

Office of Financial Management within the Office of the Chief Financial Officer

Kathy Hammer, Director

Angela Evans	Joy Bendix	Cassandra Holman	Keri Ann Band
Deborah Holden	Scott Wheeler	Gail Bruss	Theresa Lewis
Josslyn Ideghe	Bob Smalskas	Ken Kirtley	Claudine Schleicher
Paula Bohnwagner	Felicia Ford-Jones	Teisha Jones	Jose Malan
April Pratt	Kai Terry	Christi Dewhirst	Natasha Schatzman
Edward Gramp	Stefanie Crane	Jared Leicht	William Bezio

We would also like to recognize the following individuals and organizations for their contributions:

Office of Analytics, Performance, and Improvement within the Office of the Chief Financial Officer

Stephen Brockelman, Director

Ryan Donaghy	Hal Hendricks	Doris Morgan	Joshua Vogel

Other Contributors

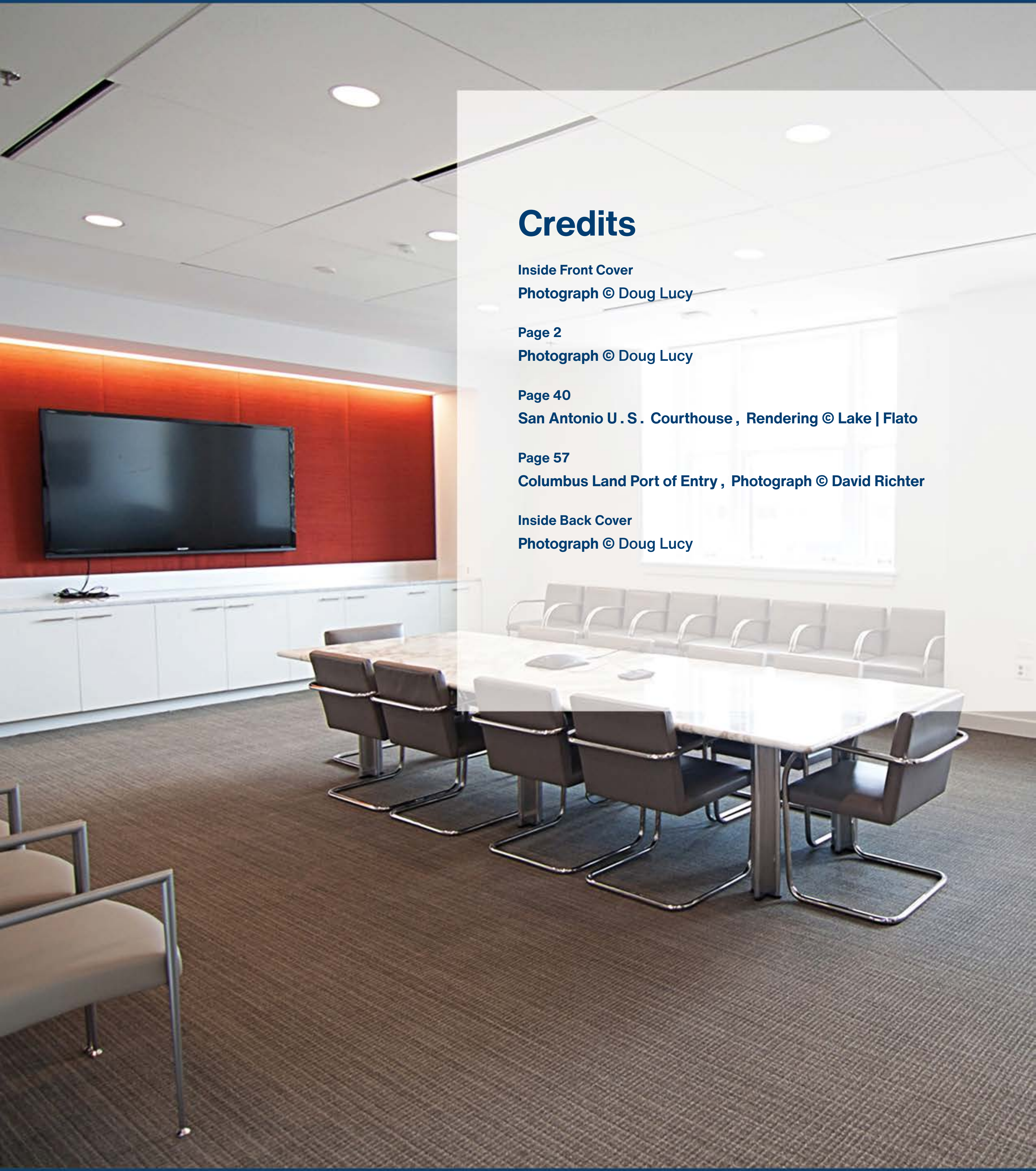
Brian Block	Tiara Cobbs	Mia Drane-Maury	LaFondra Barlow
Claudia Nadig	Bryan Schillinger	Tonya Carter	Mick Harris
Jeff White	Erik Dorman	Craig Hull	
Matt Plaus	Jonathan Clinton	Katherine Sechler	

We offer special thanks to Office of Strategic Communications.

We would also like to acknowledge the Office of Inspector General for their input on the audit process and KPMG for the professional manner in which they conducted the audit of the FY 2020 financial statements.

Gerard E. Badorrek

Kind regards - Gerard Badorrek, GSA CFO



Credits

Inside Front Cover
Photograph © Doug Lucy

Page 2
Photograph © Doug Lucy

Page 40
San Antonio U.S. Courthouse, Rendering © Lake | Flato

Page 57
Columbus Land Port of Entry, Photograph © David Richter

Inside Back Cover
Photograph © Doug Lucy

U.S. General Services Administration
1800 F Street, NW
Washington, DC 20405

gsa.gov/annualreports