



U.S. General Services Administration



2021 Agency Financial Report



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2021 Agency Financial Report

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BRIEF OVERVIEW OF THE AFR

The purpose of the U.S. General Services Administration's (GSA) fiscal year (FY) 2021 Agency Financial Report (AFR) is to inform the President, Congress, and the American people how GSA used Federal resources in FY 2021 to reliably deliver cost-effective real estate, acquisition, and technology services to partner agencies and the public. Providing these services at a good value to customers allows them to focus their resources on meeting their core missions. GSA produced both an AFR and an Annual Performance Report (APR) for FY 2021 and will post both reports on [GSA.gov](https://www.gsa.gov) under [Annual Reports](#).

This AFR provides high-level financial analysis and highlighted performance results through assessments of controls, a summary of challenges, and GSA stewardship information. The report is prepared in line with various laws applicable to Federal financial reporting and 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 A-123, Management's Responsibility for Enterprise Risk Management and Internal Control; and
- OMB Circular A-136, Financial Reporting Requirements

The Annual Performance Report 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 APR will be delivered to Congress with GSA's Congressional Budget Justification.

How this Report is Organized

This AFR provides financial and performance information for the fiscal year beginning October 1, 2020, and ending on September 30, 2021, with comparative prior year data, where appropriate. The report begins with a message from GSA's Administrator, Robin Carnahan, followed by three main sections:

Management's Discussion & Analysis (Unaudited)	
1	Organization
2	Performance Goals, Objectives, and Results
3	Analysis of Financial Statements and Stewardship Information
4	Analysis of Systems, Controls and Legal Compliance
5	Forward-Looking Information
Financial Section	
1	Letter from the Chief Financial Officer (Unaudited)
2	Inspector General's Transmittal of the Independent Auditors' Report (Unaudited)
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4	Consolidated Financial Statements
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Other Information (Unaudited)	
1	Inspector General's Assessment of Management and Performance Challenges & GSA Responses
2	Summary of Financial Statement Audit and Management Assurances
3	Payment Integrity
4	Other GSA Statutorily Required Reports
5	Civil Monetary Penalties Inflation Adjustment
6	Acronyms and Abbreviations

UNDERSTANDING THE AGENCY FINANCIAL REPORT AND ITS COMPONENTS

If you have not read an agency financial report (AFR) 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 definitions and information on Federal financial reporting, the Government Accountability Office (GAO) offers a [glossary of terms](#), the U.S. Department of Treasury (Treasury) provides [guidance on Government accounting and reporting](#), and the Office of Management and Budget's (OMB) [Circular A-136](#) lists AFR reporting 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 Annual 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 **Management's Discussion and Analysis** section is where agency leadership provides general background information about the agency — including the organizational structure, the mission, and activities of our major programs' financial and performance results — and identifies factors that may affect the agency's operations. As discussed in the auditors report, it is important to note that this section of the AFR is not audited by the independent auditor to reach any opinion on its accuracy or completeness.
- The **Financial Section** includes the Independent Auditors' Report, the financial statements, and the notes to the financial statements, and lays out the agency's financial performance for the year.
 - The independent **auditors' report** provides the context behind the audit testing performed and the results of that testing, including whether the auditor found the financial statements to be presented fairly, in all material respects, in accordance with U.S. Generally Accepted Accounting Principles for Federal reporting entities.
 - The **financial statements** provide GSA's financial results, including the balance sheets, the statements of net cost, the statements of changes in net position, and the statements of budgetary resources.
 - The **notes to the financial statements** provide additional details and context concerning the balances reported in the financial statements.
- The **Other Information** section 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 should I read the footnotes that accompany financial statements?

Footnotes are important because they further explain certain financial statement line items, including information about methodology used for calculations, valuation, time period, and other data that help the reader gain a better understanding of the agency.

How are Government and private companies' financial statements different?

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 U.S. 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 do I 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 on projects and expenses for which Congress approved the funds. Intragovernmental liabilities result from business activities conducted between two Federal Government entities.

How do I read a statement of net cost?

The statement of net cost shows the results of operations for the major business areas of GSA. 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 2021, 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. The statement of changes in net position also reports imputed financing provided by others. This is

related to imputed costs (see below), where Federal budgeting practices provide funding for payment of certain program costs centrally but the benefit is received by GSA. Imputed financing represents the amount of these resources others will provide that offsets amounts GSA recorded as imputed costs during the fiscal year.

What are imputed costs?

Consistent with accounting standards, GSA records imputed costs for expenses it incurs where funding will be provided by other Federal entities.

What is a statement of budgetary resources?

The statement of budgetary resources is unique to the Federal Government and it displays 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](#).

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 outlays?

In the Federal Government, outlays primarily represent payments made to liquidate obligations of an agency and are referred to as gross outlays. On the statement of budgetary resources, gross outlays generally are equal to cash disbursements. On the statement of budgetary resources, net outlays are the sum of gross outlays minus cash collections received where GSA is reimbursed for goods and services it provides. Net outlays may reflect negative amounts when collections exceed disbursements in a fiscal year. This result is not unusual in revolving funds such as the Federal Buildings Fund and Acquisition Services Fund. Outlays are a primary measure of Government spending.

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 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.

In 1961, GSA first began procurement for federal fleet vehicles.



In 2011, GSA acquired the first federal electric plug in.

GSA's goal is to electrify the entire fleet.



LETTER FROM THE ADMINISTRATOR

In 1949, President Harry Truman, my fellow Missourian, established the U.S. General Services Administration (GSA) to do two things: streamline government operations and save money. That no-nonsense vision -- to make government work better for the people it serves and save money doing it -- remains our defining purpose today.

The impacts of the global pandemic, the urgent threat of climate change, and a rapidly changing digital landscape underscore the need for innovative solutions that meet the demands of an ever-changing world. Advances in technology offer unprecedented opportunities to deliver government services more efficiently and effectively, all while saving taxpayer money. In this moment of change, GSA is uniquely positioned to help our customer agencies deliver for the American people by providing critical tools, systems, solutions, and expertise at the best value.



With over 8,300 leased and owned assets under the Public Buildings Service's jurisdiction, custody or control, GSA is one of the largest landlords and tenants in the country. GSA manages the largest civilian vehicle fleet in the country, and we maintain one of the country's largest public art collections. This past year, the Federal Acquisition Service helped government agencies buy over \$84 billion in goods and services and the Technology Transformation Service helped buy, build, and support technology products and services that are used by hundreds of millions to access healthcare, file taxes, and even buy surplus government property.

Today, our priorities are making government work for people and customers at all levels, including State, local, territorial, and Tribal governments, restoring trust by delivering services efficiently and effectively, and saving taxpayer money.

GSA's financial results and the progress we have made this year toward creating value for the American taxpayer demonstrate our continued commitment to public service and delivering on our mission. The Agency Financial Report (AFR) outlines GSA's accomplishments, and the challenges we face, as well as management's accountability for our stewardship of taxpayer dollars entrusted to us. The AFR also fulfills the requirements of OMB Circular A-136, *Financial Reporting Requirements*.

As outlined in the Management Assurances section of this report, GSA assessed the effectiveness of internal controls over operations, systems, and reporting. GSA can provide reasonable assurance that internal controls were operating effectively in each of these areas throughout the year. Management relies on these internal controls to identify material weaknesses in financial and program performance areas and to identify corrective actions required to resolve them. As mandated by the Reports Consolidation Act of 2000, I have assessed the financial and performance data in this report and believe them to be complete and reliable.

GSA employees are critical to our responsible stewardship of taxpayer dollars which includes an obligation to report waste, fraud, and abuse. This year's AFR is a reflection of our collective efforts

to serve the American people effectively and efficiently. I am proud of the GSA team and what we have accomplished in an unprecedented and difficult year and look forward to continuing to serve our customers, partner agencies, and the communities in which we work and live.

Best,



Robin Carnahan
Administrator of General Services
November 12, 2021

HOW GSA BENEFITS THE PUBLIC

GSA's leadership, expertise, ideas and innovation are wide-ranging and touch nearly every aspect of the Federal government's operations. Now more than ever, GSA is committed to lead change and champion new and dynamic ideas that meet the needs of our customers, the American taxpayers, while also addressing challenges that impact our mission, ranging from pandemics to climate change.

We will continue to deliver the best customer experience and value to the government and the American people in the years ahead. Our priorities are making government work for people and customers at all levels (including State, local, territorial, and Tribal governments), restoring trust by delivering services efficiently and effectively, and saving taxpayer money.

Real Estate

GSA's Public Buildings Service (PBS) has jurisdiction, custody or control over one of the largest and most diverse real estate portfolios in the country with over 8,300 owned and leased assets in all 50 states, 5 territories, and the District of Columbia. PBS works with customer agencies to provide office space for over one million Federal employees. PBS is also leading conversations across the Federal government about the future of work and developing strategies and services to anticipate the evolving needs of the Federal workforce. GSA's strategy in delivering the best customer experience and value in real estate focuses on developing solutions that optimize the real estate portfolio of federally owned and leased assets.

PBS, in partnership with its agency customers, also works to provide accessible, sustainable, and equitable workplace solutions that positively impact the government and the communities we serve. This includes working to decarbonize the real estate footprint -- catalyzing innovation and job creation, while tackling the climate crisis.

Through effective and efficient construction, management and preservation of government buildings and space, GSA will work closely with our customers to make sure that every agency has the space they need to meet their missions and serve Americans today and in the future.

Acquisition

GSA serves as the premier provider of acquisition solutions to government organizations, including the military. GSA also has authority to make certain sources of supply available to State, local, Tribal, and territorial governments. Our acquisition offerings include equipment, technology, supplies, telecommunications, information technology, and private sector professional services. For example, GSA offers a broad range of disaster support to Federal agencies such as the Department of Homeland Security/Federal Emergency Management Agency as well as State and local governments. This includes supplies and services to respond to Presidentially declared major disasters, such as the COVID-19 pandemic.

Serving customers has always been at the heart of our mission. We work every day to enhance and improve customer experience. We ensure customer agencies receive speedy access to core infrastructure services, emerging technologies, and innovative offerings. We also have a dedicated Office of Customer Experience that coordinates GSA's customer feedback collection efforts, reducing duplication and creating a streamlined experience.

At GSA, we strive to continuously improve the process for buying and selling with and within the Federal government. Our [Federal Marketplace Strategy](#) fosters a seamless, simplified, people-centric buying and selling experience for customers, suppliers, and acquisition professionals. In

addition, our Office of Small and Disadvantaged Business Utilization diligently ensures contracting opportunities are available to small businesses, businesses owned by women and service-disabled veterans, those operating in historically underutilized geographic areas, and small disadvantaged businesses.

To combat the climate crisis, GSA is working to leverage the purchasing power of the Federal government to drive innovation and prioritize action on climate change, including helping the Federal acquisition workforce consider sustainability and climate risk across all phases of the acquisition life cycle.



Technology

One of our strategic priorities at GSA is to modernize technology across government in order to protect against cyber threats and deliver a better digital experience for the American people. From procurement assistance to web standards to consulting, GSA improves the way Federal agencies buy, build, and use technology.

The Technology Transformation Services include 18F (a technology design consultancy), the Centers of Excellence, and Presidential Innovation Fellows. These offerings provide comprehensive services that elevate technology across government, catalyzing mission delivery and building public trust. Importantly, we also incorporate diversity, equity, inclusion and accessibility principles and values in this work to ensure that technology services and solutions will be inclusive and accessible to all people.

Interagency Collaboration

GSA plays a central role in promoting interagency collaboration, centralized services, and shared solutions to improve management practices and operations across government. By fostering shared services, GSA helps Federal agencies elevate the quality and performance of mission support services and enables the workforce to better serve the American taxpayer. Specific services include such areas as hiring transactions, financial management, procurement, travel, and contract management.

When agencies create and manage these services individually, they often miss the opportunity to leverage economies of scale for commonly used products and services. Also, the resulting IT redundancies across agencies can be costly to develop and maintain, and difficult to secure against cybersecurity threats.

GSA's Office of Government-wide Policy worked with the Office of Management and Budget and Federal agencies to establish a roadmap for a centralized marketplace of standardized, yet diverse and modern, solutions. These solutions will eliminate these redundancies, reduce project management risk, improve cybersecurity, and use the government's buying power to deliver services efficiently and effectively.

Conclusion

The impacts of the global pandemic, the threat of climate change, and a rapidly evolving physical and digital landscape for the Federal workplace underscore the need for innovative solutions. GSA's deep expertise across areas such as real estate and technology offer unprecedented opportunities to deliver services more efficiently and effectively, all while saving taxpayer money. In this moment of change, GSA is uniquely positioned to help our customer agencies deliver for the American people by providing critical tools, systems, solutions, and expertise at the best value.



Management's Discussion & Analysis (Unaudited)

ORGANIZATION



The U.S. General Services Administration's headquarters located in Washington, D.C.

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.

GSA LEADERSHIP

OFFICE OF THE ADMINISTRATOR



Robin Carnahan
Administrator



Katy Kale
Deputy Administrator



Brett Prather
Chief of Staff



Nitin Shah
General Counsel
Office of General Counsel

NATIONAL SERVICES



Sonny Hashmi
Federal Acquisition Service



Nina M. Albert
Public Buildings Service



Carol F. Ochoa
Office of Inspector
General



Erica S. Beardsley
Civilian Board of Contract
Appeals



Laila ElGohary
White House Liaison

INDEPENDENT OFFICES

WHITE HOUSE LIAISON

STAFF OFFICES



Teresa Wykpsz-Lee
Office of Strategic
Communication



Krystal Brumfield
Office of Government-wide
Policy



Aluanda Drain
Office of Civil Rights



Robert J. Carter
Office of Mission
Assurance



Traci DiMartini
Office of Human
Resources Management



David A. Shive
Office of GSA IT



Gerard Badorrek
Office of the Chief
Financial Officer



Bob Stafford
Office of Administrative
Services



Gianella Rivera
Office of Congressional and
Intergovernmental Affairs



Exodie C. Roe, III
Office of Small and
Disadvantaged
Business Utilization



Ed Walters
Office of Customer
Experience

REGIONAL OFFICES



Glenn C. Rotondo
New England Region 1
Boston, MA



Michael Gelber
Northeast & Caribbean
Region 2 New York, NY



Joanna Rosato
Mid-Atlantic Region 3
Philadelphia, PA



Kevin Kerns
Southeast Sunbelt
Region 4 Atlanta, GA



Kim Brown
Great Lakes Region 5
Chicago, IL



Mary A. Ruwwe
The Heartland Region 6
Kansas City, MO



Giancarlo Brizzi
Greater Southwest
Region 7 Ft. Worth, TX



Penny Grout
Rocky Mountain
Region 8 Denver, CO



Daniel R. Brown
Pacific Rim Region 9
San Francisco, CA



Chaun Benjamin
Northwest/Arctic
Region 10 Auburn, WA



Darren Blue
National Capital Region 11
Washington, DC

Federal Acquisition Service

FAS has the unique responsibility of procuring goods and services for a vast array of Federal agencies as well as in authorized circumstances to State, Tribal, and local governments. FAS is funded primarily through the Acquisition Services Fund but also receives funding through the Federal Citizen Services Fund and the Operating Expenses appropriation. 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 \$84 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 226,000 leased vehicles in its fleet, has issued nearly 6 million charge cards, and provides personal property disposal services for the reuse of \$1 billion in surplus property annually. 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. Through its Technology Transformation Services and IT portfolios, FAS is developing and deploying Centers of Excellence, which help accelerate IT modernization, improve the customer experience, and increase operational efficiencies.

Public Buildings Service

PBS is funded primarily through the Federal Buildings Fund, and its 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 and is a caretaker for Federal properties across the country. As the largest public real estate organization in the United States, PBS owns or leases over 8,300 assets and maintains an inventory of more than 365 million square feet of rentable workspace. Within this inventory, PBS maintains over 500 buildings that are on or eligible for 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 and are funded through either the Working Capital Fund or annual appropriations. 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, automation, performance management, strategic planning, and payroll services to GSA business lines and Staff Offices.

Office of GSA IT

GSA IT provides the agency's 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 the 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 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's Freedom of Information Act program and handles all 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's 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 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's mission delivery and mission-support offices to meet and exceed statutory small and socio-economic business goals. To achieve this, OSDBU promotes access to GSA's nationwide procurement opportunities and provides training to the acquisition workforce and to small and disadvantaged businesses.

Office of Strategic Communication (OSC)

OSC builds and executes effective communication strategies that help internal clients 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 an independent unit established by law which is responsible for promoting economy, efficiency, and effectiveness and detecting and preventing fraud, waste, and mismanagement in GSA's 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 GOALS, OBJECTIVES, AND RESULTS

Agency Performance Goals

This section provides an overview of the U.S. General Service's (GSA) performance against its four strategic goals. Final results and a complete analysis of GSA's successes and challenges related to fiscal year (FY) 2021 performance targets will be covered in the FY 2021 [Annual Performance Report](#), which will be published with the 2023 President's Budget.

Strategic Goal #1: 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 achieves significant cost savings for the Federal Government by optimizing the use of the Federal real estate portfolio. Effective asset management, integrated delivery of workspace solutions, and consistent application of project management principles provides customers the opportunity to enhance their work environments, reduce real estate costs, and effectively deliver on their missions.

GSA achieved all of its performance targets for FY 2021, as shown in Table 1.

Table 1: Highlighted Key Performance Indicators for Real Estate

Key Performance Indicators	2019 Results	2020 Results	2021 Results	2021 Target	Status
Lease cost relative to average market rate	-17%	12.60%	-10.25%	≤ -7.0%	Achieved
Percent of leased revenue after administering leasing program	-60%	-80%	-88%	≥ -1.1%	Achieved
Percent of capital construction projects on schedule and on budget	99%	93%	77%	75%	Achieved
Percent of non-competitive sales and donations awarded within 220 days	98%	96%	100%	≥ 93%	Achieved
Percent of public sale properties awarded within 135 days	99%	100%	98%	≥ 98%	Achieved

GSA achieved its aggregate target of negotiating leases below average market rate; in FY 2021, new or renegotiated leases fell 10.25 percent below average market rates for comparable office space in market areas where reliable comparisons can be made. GSA's Workplace 2030 project is working with the Federal community to reassess the traditional workplace. Innovations coming from Workplace 2030 may lead to new ways to right-size real estate portfolios and lower overall costs for customer agencies. In March 2021, the Government Accountability Office removed costly leasing from its High-Risk List—a significant milestone that aligns to the improvements that GSA has made in its leasing program.

Regarding other key performance indicators:

- GSA strives to break even on revenue and costs for its leased properties (i.e., properties not owned by the Government). For FY 2021, GSA achieved its target.
- To improve the quality of project planning and transparency of results, GSA discontinued the practice of adjudicating on-schedule and on budget results for external factors. This change in methodology resulted in a revision to the target for FY 2021. In prior years the target was set higher to reflect the past practices of adjudicating on-schedule and on budget results for factors outside of GSA's direct control. GSA met its performance goal for keeping capital construction (i.e., large) projects on schedule and on budget.
- GSA has a strong track record of efficiently selling and donating under-used property. This trend continued in FY 2021, as shown by both cycle time metrics reported in Table 1.

Strategic Goal #2: 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 customers and suppliers.
- Enhance customer access to qualified small and socio-economic businesses.

GSA delivers service, innovation, and value through efficient operations, market expertise, and proactive partnerships with customer agencies and private sector vendors. Generating economies of scale is the cornerstone of GSA's acquisition solutions, enabling the agency to negotiate better prices. GSA helps customers make smart purchasing decisions to acquire the goods and services they need.

GSA achieved four of its five performance goals, as shown in Table 2.

Table 2: Highlighted Key Performance Indicators for Acquisition

Key Performance Indicators	2019 Results	2020 Results	2021 Results	2021 Target	Status
Customer Loyalty Score (10-point scale)	7.6	7.9	7.8	≥ 7.9	Missed target
Supplier satisfaction score (5-point scale)	3.65	3.81	3.90	3.85	Achieved
Percent of vendors transitioned to new consolidated Multiple Award Schedule	n/a	99%	100%	100%	Achieved
Multiple Award Schedule (MAS) Sales (in billions of dollars)	32	36.6	39.8	≥ 32.5	Achieved
Percent of Multiple Award Schedule (MAS) business volume from small business	38.8%	37.2%	36.9%	≥ 35.0%	Achieved

Supplier satisfaction improved for the fourth consecutive year, achieving a mean rating of 3.90 in FY 2021. Customer loyalty also showed a three-year positive trend in FY 2018-2020; and while progress plateaued in FY 2021, the decrease was not statistically significant. GSA will continue to pursue in-flight projects intended to simplify the procurement process to improve the experience for suppliers and customer agencies.

All of the performance goals associated with the Multiple Award Schedule (MAS) were met. MAS was consolidated into a single schedule in the prior year (FY 2020) and serves the Government by providing consistent terms and conditions that provide the opportunity for industry to come to market the way the agencies buy. MAS sales are growing and small businesses continue to play a key role in delivering services and products to Government customers via MAS. Demand for GSA's Assisted Acquisition Services also continues to grow as agencies seek assistance on complex acquisitions, such as professional services and IT acquisitions.

GSA achieved an A+ on the Small Business Procurement Scorecard. The annual Scorecard is an assessment tool that:

- Measures how well Federal agencies reach their small business and socio-economic prime contracting and subcontracting goals,
- Provides accurate and transparent contracting data, and
- Reports agency-specific progress.

The prime and subcontracting component goals include goals for small businesses, small businesses owned by women, small disadvantaged businesses, service-disabled veteran-owned small businesses, and small businesses located in Historically Underutilized Business Zones.

GSA acquisitions services offer tremendous value to the Government. Total cost savings achieved through GSA acquisition solutions have shown an uninterrupted positive trend reaching a high mark in FY 2019. One of the largest sources of savings is from GSA's travel-related services. In FY 2020, cost savings to the Government declined from \$6.5 billion to \$5.3 billion due to a marked decrease in Government travel due to the pandemic. Annual total savings should remain the same (currently at \$4.77 billion with some results still to be tabulated) in FY 2021. Cost savings will be reported in the FY 2021 Annual Performance Report.

Strategic Goal #3: 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.

Technology is critical to how every agency accomplishes its mission and serves the public. It is at the core of running mission-support operations, safeguarding critical information, and analyzing program data to make informed decisions. GSA provides modern IT solutions and advisory services that can transform business operations, reduce cost, improve agility, and increase security. An overarching goal is to shift more Federal IT spending from legacy systems to modern platforms. GSA helps agencies adopt new approaches for buying commercial off-the-shelf and as-a-service solutions. GSA is also leading the development of modular contracting approaches to enable agile and efficient development of complex new requirements. As shown in Table 3, GSA achieved the five performance goals for Technology.

Table 3: Highlighted Key Performance Indicators for Technology

Key Performance Indicators	2019 Results	2020 Results	2021 Results	2021 Target	Status
Centers of Excellence - number of Interagency Agreements signed (cumulative)	5	16	30	≥ 18	Achieved
Number of Centers of Excellence (cumulative)	14	35	54	≥ 38	Achieved
Number of cloud strategies and action plans developed in accordance with update to Data Center and Cloud Optimization Initiative	n/a	5	5	≥ 5	Achieved
Number of CFO Act agencies with updated risk assessments completed utilizing Federal Identity, Credential, and Access Management playbooks and tools (cumulative)	n/a	6	14	≥ 12	Achieved
Number of times Federal Risk and Authorization Management Program authorized products have been reused by agencies (cumulative)	1,273	1,847	2,871	≥ 2,397	Achieved

GSA has achieved its performance targets for Centers of Excellence (COE). COEs help partner agencies accelerate IT modernization, improve the public experience, and increase operational efficiencies. Solutions offered by the COEs include:

- Developing artificial intelligence solutions that incorporate machine learning, neural networks, intelligent process design, and robotic process automation to address unique business challenges.
- Facilitating successful integration of cloud services by helping agencies select and design the right migration path. A set of services based on best practices are developed to support the implementation process.
- Helping customer agencies' contact centers improve the customer experience and their operational efficiency by providing implementation support and recommendations based on best practices, emerging technologies, and shared services, and by providing agencies' contact centers with timely access to accurate information.
- Supporting partner agencies in assessing existing infrastructure and business needs, identifying modernization opportunities, and orchestrating efforts as they evolve. Services include consolidating federated data centers into a single enterprise facility, modernizing the application landscape, driving out IT infrastructure cost inefficiencies, improving security, and positioning agencies for future improvements.

Regarding other key performance indicators:

- GSA released 14 Federal identity, credential, and access management (ICAM) playbooks in FY 2021 using simplified modern use cases and approaches in response to agency feedback. ICAM comprises the tools, policies, and systems that allow an organization to manage, monitor, and secure access to protected resources.
- Government use of the Federal Risk and Authorization Management Program (FedRAMP) continues to grow. FedRAMP is a standardized approach that empowers agencies to use modern cloud technologies, with an emphasis on security and protection of Federal information, and helps accelerate the adoption of secure cloud solutions.

A key challenge for GSA moving forward will be the ability to recruit, hire, and retain quality staff with complex acquisition, financial, technical, and project management skills to accommodate the agency's leading role in providing technology to the Government. An evergreen challenge, GSA continues to build and grow its cadre of highly skilled professionals, leveraging a strong workforce planning, recruitment, and succession planning model that enables the development of its employees.

Strategic Goal #4: 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 employees and modeling how the agency delivers internal support services, while providing guidance across Government.

GSA enables the Government to operate more efficiently and effectively, allowing agencies to focus on delivering their mission. The agency's robust supplier relationships and access to leading industry practices for all support services allow GSA to bring innovative, proven solutions to the Government. Helping agencies share common services and technology today will mean long-term cost savings for taxpayers, and a Government that is leaner and better equipped.

As shown in Table 4, GSA achieved the six performance goals for Shared Services.

Table 4: Highlighted Key Performance Indicators for Technology

Key Performance Indicators	2019 Results	2020 Results	2021 Results	2021 Target	Status
Number of agency-owned (non-GSA) vehicles consolidated by GSA	1,805	1,597	2,951	≥ 2,000	Achieved
Number of components that have advanced to the next stage of the standards development process as part of the FIBF	15	21	36	≥ 12	Achieved
Effectiveness of GSA CXO functions, as measured by customer satisfaction (7-point scale)	5.42	5.49	5.75	≥ 5.40	Achieved
Competition rate for GSA acquisitions	85.4%	84.2%	83.1%	≥ 80%	Achieved
Percent of IT portfolio using cloud technologies	50.0%	52.9%	69.4%	≥ 53%	Achieved
FEVS (Employee Engagement Score)	78%	83%	83%	≥ 83%	Achieved

Fleet management represents an opportunity for growth as a GSA-provided shared service. Government-wide motor vehicle management tends to be disaggregated, often leading to redundancies and operational inefficiencies. Vehicle consolidations allow agencies to convert their agency-owned vehicles into GSA's full life-cycle fleet leasing service. Leasing vehicles with GSA ensures that agencies can access reliable and comprehensive data on vehicle usage and maintenance to make sound decisions to support their missions. Over 7,800 Government vehicles have been consolidated into GSA's fleet within the current 4-year span (FY 2018–2021). Greater

vehicle consolidation seems likely as agencies strive to meet the Administration's long-term goal for 100 percent utilization of zero emission vehicles to mitigate climate change by 2030.



The agency is making good progress in moving agencies to adopt common business standards. Business standards are critical to establishing shared solutions and services. Once there is a consensus on standards, then the Government can converge on a common solution. The business standards also are used in defining procurement requirements. Using the Federal Integrated Business Framework (FIBF), GSA's Office of Government-wide Policy is leading the effort to document common business needs across agencies by focusing on outcomes, data, and cross-functional end-to-end business processes. The FIBF consists of five components:

1. The Federal Business Lifecycle includes functional areas, functions, and activities that serve as the basis for a common understanding on what services agencies need and solutions that should be offered.
2. Business Capabilities are the outcome-based business needs mapped to Federal Government authoritative references, forms, inputs, outputs, and data standards.
3. Business Use Cases are a set of agency "stories" that document the key activities, inputs, outputs, and other lines of business intersections to describe how the Federal Government operates.
4. Standard Data Elements identify the minimum data fields required to support the inputs and outputs noted in the use cases and capabilities.
5. Performance Metrics define how the Government measures successful delivery of outcomes based on timeliness, efficiency, and accuracy targets.

To strengthen GSA's ability to lead by example in Government management, it is important that GSA's support services be among the most efficient and effective in Government. Over the past three years, internal customers' satisfaction with mission support services — human resources, financial, information technology, and acquisition management — has continued to improve year-to-year.

Other key performance indicator results:

- GSA remains on track to achieve its goals for competing acquisition contracts and IT cloud utilization.
- Overall employee engagement scores remain stable for GSA.

ANALYSIS OF FINANCIAL STATEMENTS AND STEWARDSHIP INFORMATION

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) 2021, GSA reported total assets of \$50.3 billion compared to FY 2020 total assets of \$46.3 billion, representing a net increase of approximately \$4.0 billion. Significant changes in assets include an increase in the overall FBwT of \$2.6 billion, mainly due to activities in the Federal Buildings Fund (FBF), which saw an increase of \$964 million. This FBF increase is 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. In the ASF, FBwT reflects a \$514 million increase, primarily as the result of increased business volumes for the FAS business lines, increased proceeds from vehicle sales, and a decrease in cash outlays in the TTL program due to a significant delay in vehicle purchases caused by manufacturing slow-downs impacting the automotive industry.

Additionally, a \$1 billion increase in the FBwT is attributed to the Technology Modernization Fund (TMF) receiving appropriations from the American Rescue Plan Act (ARPA) (P.L. 117-2). GSA's accounts receivable from other Federal agencies also rose over \$1.5 billion due to increases in business volume and an adjustment to the accrual methodology used for the Assisted Acquisition Services business units 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 2021, total liabilities were \$10.4 billion; a net increase of \$1.4 billion compared to FY 2020 total liabilities of \$9.0 billion. The increase is primarily attributable to the increased business volume in the ASF and the change in accrual methodology for the Assisted Acquisition Services business units resulting in increases to accounts payable to non-federal entities.

GSA Net Results

GSA reported almost \$31.7 billion in revenue during FY 2021 compared to \$29.0 billion reported in FY 2020, which were matched by expenses of \$30.8 billion and \$28.6 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 ASF, reflected in the overall \$874 million increase in ASF reimbursable spending authority. The ASF's unobligated balances available from prior year activities also grew significantly in FY 2021, mostly due to modification or cancellation of prior year contracts on orders, that totaled over \$1.2 billion, as well as FY 2020 positive net operating results. Also in the FBF, the beginning unobligated balances carried forward from prior years decreased by \$268 million, as additional capital project funding was provided in FY 2019 and used in FY 2020 that typically takes multiple years to execute.

In FY 2021, GSA carried forward \$236 million in unobligated balances for COVID-19 related activities from FY 2020 CARES Act authorities. Additionally in FY 2021, GSA received \$1.15 billion of additional appropriations as part of the ARPA in order to stimulate the economy from the ongoing effects of the Coronavirus pandemic. The Technology Modernization Fund received \$1.0 billion and the Federal Citizen Services Fund received \$150 million and of these amounts approximately \$95 million was obligated in FY 2021. GSA will carry over \$1.29 billion of unobligated CARES Act and ARPA funding into FY 2022 to continue addressing impacts related to the Coronavirus.

Financial Results by Major Fund – Federal Buildings Fund (FBF)

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 2021, FBF gross revenue¹ was over \$11.9 billion, with over 59 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	Revenue	% of Total Revenue
U.S. Department of Justice	\$2,102	17.7%
U.S. Department of Homeland Security	\$2,070	17.4%
Federal Judiciary	\$1,243	10.4%
U.S. Social Security Administration	\$893	7.5%
U.S. Department of the Treasury	\$733	6.2%

¹The above gross revenue is inclusive of reimbursable income and does not reflect the revenue available for appropriations.

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 available to request appropriations for investing 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 decreased by 2.1 percent between FY 2021 and FY 2020. The primary cause of the reduction in both revenues and expense was lower reimbursable orders from customers for building improvements. This reduction, totaling over \$156 million in reimbursable revenues, was greatly affected by the impact the COVID pandemic had on agencies using GSA facilities. Smaller impacts were seen in rent revenues and expenses as the total square footage operated by PBS was down slightly from the previous year. Expenses were further reduced for adjustments to prior year expenses reclassified as capitalized costs.

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 2021 reflect decreases in total program activity. Generally, changes in Net Outlays reflect a continuing trend of collections from operating revenues exceeding amounts disbursed for operating and capital programs. The changes in both obligations incurred and outlays reflect decreases particularly caused by the \$767 million purchase of the Department of Transportation headquarters building in Washington, DC during FY 2020. No such large purchases were made in FY 2021. Excluding the impacts of that purchase, the balance of the obligations incurred in the FBF were up comparatively from the previous year, while Net Outlays were down, by insignificant amounts.

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

Customers	2021	2020	Change (\$)	Change (%)
New Obligations and Upward Adjustments	\$11,356	\$11,706	\$(350)	(3.0)%
Net Outlays (Receipts) from Operating Activities	\$(965)	\$(316)	\$(649)	205.4 %

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 (GSS); Travel, Transportation, and Logistics (TTL); Information Technology Category (ITC); Assisted Acquisition Services (AAS); Professional Services and Human Capital (PSHC); Office of Systems Management

(OSM); 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. 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 2021, the ASF realized \$20.0 billion in revenues with 83 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	Revenue	% of Total Revenue
U.S. Department of Defense	\$13,797	69.1 %
U.S. Department of Homeland Security	\$1,306	6.5 %
U.S. Department of Health and Human Services	\$636	3.2 %
U.S. Department of Housing and Urban Development	\$426	2.1 %
U.S. Department of Justice	\$371	1.9 %

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. In FY 2021, the ASF reported improved financial results across business portfolios, producing net results of \$465 million compared to net results of \$252 million in FY 2020. AAS programs have continued to experience increased revenue of 27 percent in the past fiscal year, with revenues of \$14 billion in FY 2021, as both the volume and dollar magnitude of individual customer orders continues to increase from year-to-year, up from 11 billion in FY 2020. This increased business volume outpaced the costs necessary to support that business volume and resulted in an increase of \$43 million in net operating results compared to FY 2020. Both the AAS Federal Systems Integration and Management Center (FEDSIM) and regional AAS programs experienced substantial growth in business volume during the fiscal year. In the TTL business portfolio, changes in net results were mostly impacted by a higher level of profits from the sales of used vehicles. Both a higher volume of vehicles were sold, and the very high resale values in the current used-car market, produced significantly higher proceeds. The TTL programs provided a solid \$331 million in the bottom line net results for the fund in FY 2021.

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 \$821 million between FY 2021 and FY 2020, due to the large increase in ASF business volumes. The total amount of collections continued to exceed disbursements as reflected in the decrease in Net Outlays of \$383 million.

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

Customers	2021	2020	Change (\$)	Change (%)
New Obligations and Upward Adjustments	\$21,337	\$20,516	\$821	4.0 %
Net Outlays (Receipts) from Operating Activities	\$(517)	\$(134)	\$(383)	285.8 %

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.

ANALYSIS OF SYSTEMS, CONTROLS AND LEGAL COMPLIANCE

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, reviews and approves the enterprise internal control program and provides the leadership and oversight necessary for effective implementation of the agency's 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) 2021, GSA took a significant step to increase and reinforce internal control compliance. The agency requires 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. 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, in response to the management challenge, program audit resolution is closely monitored by senior executives, program managers, and staff through performance dashboards. GSA spent considerable time this fiscal year closing out audit recommendations.

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.

During FY 2021, GSA issued an enterprise risk management policy statement that highlights the importance of effective risk management in meeting its mission. In an effort to improve the governance of risk at GSA, an Enterprise Risk and Strategic Initiatives (ERSI) Board was chartered, which is co-chaired by the Deputy Performance Improvement Officer and the Chief Information Security Officer. The ERSI Board is charged with implementing sound risk management across GSA and translating enterprise-level strategies into actionable initiatives. Risks are managed throughout the year at the appropriate program level, with certain cross-cutting or emerging 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 conducts procurement management reviews (PMRs). These PMRs serve as an early warning indicator, identifying best practices and challenges in the acquisition function.

In FY 2020 and 2021, the agency focused on strengthening management and internal controls in the area of contract administration. First, the PMR Division monitored agency-wide progress towards meeting standards laid out in two contract administration-based national corrective action plans. Next, PMR entity and transactional checklists were updated to strengthen the assessment of GSA's contract administration controls environment. These initiatives resulted in agency-wide attention to post-contract award support needed to drive successful post-award administration.

Findings from internal reviews are issued in a PMR report documenting the observations and key takeaways for entity and transactional reviews. The report allows users to pinpoint key areas of opportunity and other transactional data that directly correlate to management and internal controls within the specific stages of the acquisition or lease acquisition life cycle. The data available strengthens the acquisition workforce's abilities to analyze performance, informs planning and training, and identifies opportunities for efficiency.

In FY 2022, PMRs will continue to assess the basic foundational components of the acquisition function. This includes contract administration, performance-based contracting, acquisition planning, and effective contract pricing and negotiations.

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 and FY 2021, the assessments were 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 2021, 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 2021, 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 2020 financial audit, the FY 2020 evaluation of GAO's 5 components and 17 principles of internal control, recent GAO and Office of Inspector General audits, and management-identified priorities. The assessment identified the Federal Acquisition Service and the Public Buildings Service (PBS)-managed assets and liabilities, financial close and reporting, year-end budget reconciliation, PBS-regulated and deregulated utilities payments, and Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funding as within scope for the FY 2021 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 Fleet Management System, the Inventory Reporting Information System, and the Federal Supply Service Payment 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 non-conformances as of September 30, 2021.

GAO Standards for Internal Control in the Federal Government

The 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 2021, GSA continued to update 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 as of September 30, 2021.

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 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. In FY 2021, GSA continued this effort and completed the development work to migrate two more financial management applications, WebVendor and Pegasys Payment Search, off of proprietary database technology, and took additional steps to enhance the security posture overall of the agency's ancillary financial management application portfolio. GSA successfully completed database encryption for multiple financial management applications, as well as deployed multi-factor authentication for WebVendor and Pegasys Payment Search.

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 (e.g., Federal occupant agency data, floor plans, leasing data, and market surveys with competitive rental rates), PBS and the Office of 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 granted authority to operate non-GSA systems by GSA IT.

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

The Office of Leasing has ensured that all brokers use Citrix-VDI and gsa.gov email to receive and access sensitive information.

In May 2021, GSA's Office of the Chief Financial Officer worked with the USDA Pegasys Financial Services team to upgrade the agency's core financial system to Momentum 7.8. This upgrade includes capabilities needed to support current G-Invoicing functionality for the U.S. Department of Treasury's [initiative](#) to have a standard database for Intragovernmental Transactions. It includes the conversion of System for Award Management Unique Entity Identifier (UEI) from DUNS, as well as incorporating new features and enhancements designed to meet current legislative and Government-mandated Federal financial management requirements and recommendations. GSA has successfully consolidated two SAP business intelligence platforms and licenses and is able to save maintenance costs and provide more seamless support to the GSA financial community.

Federal Information Security Modernization Act

The Federal Information Security Modernization 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. The integration of cybersecurity with enterprise risk management has been improved and prioritizes investment decisions that mitigate those risks. In the past year, GSA closed all prior-year OIG FISMA audit findings, improved in 10 FISMA metrics, and continued to improve the cybersecurity and the information continuous monitoring security domains. To address the challenge of removing network users on a timely basis, GSA is planning to partially or fully automate this process of termination with the identity, credential, and access management and Continuous Diagnostics and Mitigation solution of Sailpoint by FY 2022.

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 provided monthly DATA Act submissions and certified those submissions quarterly, as required. This information is publicly accessible and searchable, and allows users to view how tax dollars are spent.

Antideficiency Act

The Antideficiency Act (ADA), Public Law 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 2021, OMB confirmed that the Federal Citizen Services Fund violated the Antideficiency Act in fiscal years 2016 and 2017 by providing DigitalSearch functionality to State and local government websites in contravention of the fund's appropriations and authorizing statutes. GSA discontinued these support services in February 2017. OMB is reviewing the ADA notification letter for transmission to the President, Congress, and GAO.

FY 2021 Statement of Assurance

The U.S. General Services Administration 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 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, 2021.

In FY 2021, OMB confirmed an FY 2017 ADA violation related to utilizing the Federal Citizens Services Fund to support search capability for State and local government websites. GSA corrected this by ending these services in February 2017.

GSA has assessed that it is in compliance with Federal financial management system 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 financial management system requirements, 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, 2021.



Robin Carnahan
Administrator of General Services
November 12, 2021

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.

GSA identifies risks to the agency's most critical activities by administering a GSA Risk Survey, which collects information from key GSA employees on their perception of risk to the organization. The survey results are captured in GSA's Enterprise Risk Profile and used to identify opportunities for improvement.

In 2021, GSA further strengthened the agency's enterprise risk culture by establishing the Enterprise Risk and Strategic Initiatives Board to serve as the governance body for translating enterprise-level strategies into actionable initiatives and implementing sound risk management principles across GSA functions and programs. The board will be responsible for identifying and addressing complex, interconnected, and distributed risks to mission delivery.

Current focus areas for enterprise risk management efforts include:

- **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 shifting its focus beyond compliance to 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.
- **Human Capital** — The technical nature of GSA's work offers unique challenges to recruiting, developing, and retaining top talent. GSA will continue to seek innovative solutions to develop and grow its workforce while identifying opportunities for performance and process improvement across the enterprise.
- **GSA-Managed Real Estate Portfolio** — GSA manages over 8,300 assets that house nearly 50% of the total Federal civilian workforce. During the COVID-19 pandemic, agencies leveraged telework to help maintain operations. As Agencies return to facilities, the demand for leased and owned space will likely decline, as agencies maximize the use of hybrid work operations resulting in increased vacant space in GSA's portfolio. GSA will work with customers to better understand their future space requirements; identify possible opportunities to reduce or consolidate space; and develop alternative workspace solutions to meet evolving customer needs. This presents GSA with an opportunity to work with agencies to right-size the Federal footprint. Funding to make needed investments in Federally-owned facilities is essential to capitalize on this opportunity. When GSA's appropriation for capital investment in real estate is less than the spending authority requested, it limits GSA's ability to allocate resources for critical repairs, improvements, and space conversions across its real estate portfolio. GSA will seek to secure funds requested in the President's budget. The funds are needed to maintain GSA-controlled Federal assets in a good state of repair and support long term efforts to right-size and modernize GSA's real estate portfolio.
- **Supply Chain Risk Management (SCRM)** — GSA recognizes strong potential for supply chain disruptions as a result of the COVID-19 pandemic and has worked with partners to mitigate the effect of those disruptions on mission execution. GSA has established an SCRM

Executive Board to both improve capabilities and practices across GSA, as well as continually identify, monitor, and manage future supply chain risks.

- **Legacy Database Technologies** — Reliance on proprietary legacy technologies adversely affects operational flexibility and increases costs for GSA. To reduce the negative effects, GSA is using 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 systems. This will help applications achieve greater flexibility in their system architecture while improving resilience, scalability, maintainability, and performance.

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. 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.



Financials

LETTER FROM THE CHIEF FINANCIAL OFFICER

Introduction

On behalf of the U.S. General Services Administration (GSA), I am pleased to provide the Fiscal Year (FY) 2021 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.

Thank you to all of GSA's financial services personnel for their dedication, diligence, and excellent work in compiling this report, as well as staff from across GSA who partner with the Office of the Chief Financial Officer (OCFO) to assure GSA-wide accountability and transparency.

OCFO faced significant headwinds in FY 2021 including adapting to a mandatory telework environment, reprioritizing strategic initiatives to support the agency's business lines, and ensuring a collaborative, engaged workforce in the face of a national pandemic.

I am proud of the agility and flexibility demonstrated by our leadership and staff in OCFO. Despite the once in a generation challenges posed by COVID-19, FY 2021 was still a year of great achievement and significant strategic value for GSA.

Audit and Compliance

In FY 2021, GSA's independent auditors identified no material weaknesses in their annual audit of GSA's financial statements. 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 for FY 2021.

GSA followed our established procedures for remediation of audit and noncompliance issues. GSA developed a corrective action plan for each FY 2020 audit finding, and assigned it to a senior accountable official. As a result, all corrective actions plans were implemented and all FY 2020 control deficiencies were resolved during the year.

GSA's independent auditors identified two significant deficiencies. The first significant deficiency pertains to information technology access, segregation of duties, and configuration controls. The auditors identified some employees were granted incompatible system access roles and several employees retained access to internal systems after leaving GSA. Also, controls over change and configuration management that establish procedures to properly authorize, test, and approve hardware, software, and firmware programs were not consistently used.

The second significant deficiency relates to management's review controls over undelivered order balances. As part of its business operations, GSA incurs obligations and outlays. Obligations are legally binding agreements that will result in an outlay. GSA monitors this balance to ensure adequate funding is available for its operations and its financial statements are accurately reported.



GSA did not record a reversing entry, which resulted in an overstatement of obligations incurred and an understatement of unobligated balances.

FY 2021 KEY ACCOMPLISHMENTS

Rapid-Response COVID-19 Planning Support

OCFO's unique position at the intersection of GSA finance, performance, and budget made it a critical partner for agency leadership in responding to the unprecedented management and operational challenges posed by COVID-19. Each year, OCFO establishes a set of cultural values. In FY 2021, the cultural values were critical thinking, innovation, and relentless pursuit of values. These values were evident across all areas and were particularly apparent in OCFO's support to GSA's COVID-19 response, which included:

1. **Developing automated tools for employees to report work locations and provide agency leadership with daily information on staff disposition.** This automation and attendant executive reporting was rolled out by OCFO's Robotics Team in just a few weeks at the start of the mandatory telework order and has been a critical part of ensuring: the health and safety of the workforce, COVID exposure notifications, incident response, and reentry planning.
2. **Partnering with GSA IT to provide advanced data analytics,** including the creation of an automated tool to map COVID-19 infection rates across the country and compare identified trends against GSA occupancy levels within Federal duty stations.
3. **Leading financial oversight and reporting** for the execution of millions of dollars in new funding from the CARES Act (P.L. 116-136, 134 Stat. 281), developing new reporting and tracking capabilities to identify COVID-19 funding obligations and labor costs, and executing COVID payment reconciliations, lease amendments, and one type payments.

Customer-Centric Budget and Performance Advisory Support

OCFO's mandate is to drive value and improved performance across GSA and to serve our business line partners as informed financial advisors. An important part of this mandate is providing tailored budgeting and financial performance tools to the Public Buildings Service (PBS) and the Federal Acquisition Service (FAS) to enable their critical cross-government missions.

In FY 2021, OCFO led a modernization project to innovate and improve the Personnel, Compensation, and Benefits (PC&B) system for PBS. The replacement system consolidates both human resource staffing actions and funding requirements into a consolidated platform, enhancing the ability of PBS leadership to monitor costs, evaluate execution, resource critical initiatives, and forecast future funding requirements.

OCFO also created a new tool to provide accessible and automated data displays to enable FAS to view, analyze, and download key monthly FAS financial data (budget and operating results). By consolidating and standardizing data in a streamlined platform, the solution will save significant workload for OCFO and FAS analysts, provide a single source of truth for financial data, and instill the use of accurate, real-time intelligence into FAS financial decision making.

Development of the Draft FY 2022-26 Agency Strategic Plan

In FY 2021, the OCFO led the development of GSA's FY 2022-26 Agency Strategic Plan and associated Agency Priority Goals and Annual Performance Plan. This required engagement with new and existing leaders to ensure that the plan is reflective of, and ambitious in articulating and driving achievement of, agency and administration priorities.

The proposed plan outlines fundamental strategies for delivering real estate, acquisition, and technology services to the Government and the American people. The OCFO led strategic discussions with the Administrator and Deputy Administrator, Heads of Services and Staff Offices, and key program leaders, to define its strategic objectives and propose many new metrics that will enable the agency to drive and measure success over the coming years.

Agency-Wide Leadership in the Adoption of Emerging Automation Technologies

FY 2021 was a year of great success for OCFO's Federal-leading workload automation program, including achieving the important milestone of 101 automations deployed across the agency since the inception of the RPA Program. Perhaps equally critical, the team now has a Robotic Process Automation (RPA) application running in FAS, PBS, and the majority of Staff Offices within GSA. The successful scaling and cross-agency rollout of RPA solutions has created an "automation first" mindset in many organizations and offices, dramatically increasing operational efficiency.

The RPA applications deployed saved workload hours, decreased process throughput times, and increased accuracy and quality. From a qualitative perspective, the OCFO is also proud of the impact the Automation Program has had in improving employee experience, engagement, and satisfaction, particularly in a year where COVID-19 stressed all of these critical workforce factors. As GSA employees and leaders continue to support additional adoption of emerging automation technologies, the OCFO will support GSA's continued work to optimize processes and create capacity to address new or changing requirements and value-add work.

Sharing Best Practices and Proven Approaches GSA-Wide and Across Government

OCFO founded an Analytics Community of Practice (A-CoP) in FY 2021 to promote increased data literacy, the adoption of modern analytics tools, business data integration, and more robust critical thinking skills. In the first 6 months since its launch within OCFO, the A-CoP has held 10 community meetings, 5 showcase events, 4 training sessions, and rapidly grown to over 200 OCFO members. As the A-CoP continues to expand and scale its operations, it will leverage events like the recent Datathon, which challenged cross-functional OCFO teams to consider the future Federal real estate footprint, to drive more insightful and thoughtful conversations about GSA's strategic challenges, and to identify methods for infusing key priorities with data analytics. In addition to providing value-add analysis, the A-CoP has been an excellent way to promote engagement, enable cross-functional relationship-building, and generate motivation and excitement.

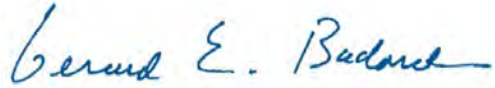
In FY 2021, OCFO continued its leadership of the Federal RPA Community of Practice (RPA CoP). RPA CoP membership grew to over 1,200 Federal employees representing over 100 departments and agencies. During the mandatory telework period, the RPA CoP accelerated its knowledge sharing events, achieving a total attendance of over 5,000 at 25 webinars.

Conclusion

In these unprecedented times, the OCFO workforce demonstrated its continued agility and flexibility, while advancing GSA's culture of strong financial transparency and management. Based on the results of the Federal Employee Viewpoint Survey, in June of 2021, the Partnership for Public

Service identified OCFO as the top financial organization in the 2020 Best Places to Work in the Federal Government Survey and #19 out of all 411 agency subcomponents assessed. With notable achievements in audit & compliance, budget and performance advisory support, and the adoption of automation technologies, FY 2021 was a year of significant achievement for OCFO.

Kind Regards,

A handwritten signature in blue ink that reads "Gerard E. Badorrek". The signature is fluid and cursive, with the first name "Gerard" being the most prominent.

Gerard E. Badorrek
Chief Financial Officer
November 12, 2021

INSPECTOR GENERAL'S TRANSMITTAL MEMORANDUM



U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

November 15, 2021

TO: ROBIN CARNAHAN
ADMINISTRATOR (A)

GERARD BADORREK
CHIEF FINANCIAL OFFICER (B)

FROM: CAROL F. OCHOA ROBERT ERICKSON
INSPECTOR GENERAL (J)

Digitally signed by
ROBERT ERICKSON
Date: 2021.11.15
11:58:44 -05'00'

SUBJECT: Independent Auditors' Report
U.S. General Services Administration's
Financial Statements – Fiscal Years 2021 and 2020
November 12, 2021

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, 2021, and 2020.

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. 21-04, *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.

This memorandum transmits KPMG's *Independent Auditors' Report on the U.S. General Services Administration's Financial Statements – Fiscal Years 2021 and 2020*. The Fiscal Years 2021 and 2020 audits 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 2021 and 2020 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 in internal control over financial reporting;

- 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.

However, KPMG identified certain deficiencies in internal control that it considered to be significant. As described in Exhibit I of the audit report, the significant deficiencies related to: (1) information technology general controls associated with GSA's financial management systems and supporting infrastructure and (2) periodic management review control over Undelivered Orders. KPMG reports that GSA concurred and will implement corrective actions that address the identified deficiencies.

Details regarding KPMG's conclusions are included in the "Opinions on the Financial Statements," "Internal Control Over Financial Reporting," and "Compliance and Other Matters" sections, as well as in Exhibit I of this report. Also, on November 12, 2021, KPMG issued a separate Management Letter to GSA regarding deficiencies in internal control and 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 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 auditor's report dated November 12, 2021, 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 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, 2021 and 2020, 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, 2021 and 2020, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended (presented in Schedules 1-4), and the related notes to the ASF financial statements (hereinafter referred to as "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, 2021 and 2020, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended (presented in Schedules 1-4), and the related notes to the FBF financial statements (hereinafter referred to as "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. 21-04, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 21-04 require that we plan and perform the audits 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



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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, 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 2021 *Agency Financial Report* to provide additional information for the users of its consolidated, ASF, and FBF 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 GSA Websites, Table of Contents, Brief Overview of the AFR, Understanding the Agency Financial Report and its Components, Letter from the Administrator, How GSA Benefits the Public, Letter from the Chief Financial Officer, Inspector General’s Transmittal Memorandum, and Other Information sections of GSA’s 2021 *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 GSA Websites, Table of Contents, Brief Overview of the AFR, Understanding the Agency Financial Report and its Components, Letter from the Administrator, How GSA Benefits the Public, Letter from the Chief Financial Officer, Inspector General’s Transmittal Memorandum, and Other Information sections of GSA’s 2021 *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, 2021, 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 describe 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in Exhibit I, that we consider to be significant deficiencies.



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, 2021 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 consolidated, ASF, and FBF 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. 21-04.

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 audits, 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.

GSA's Responses to Findings

GSA's responses to the findings identified in our audits are described in Exhibit I. GSA's responses were not subjected to the auditing procedures applied in the audits of the consolidated, ASF, and FBF financial statements and, accordingly, we express no opinion on the responses.

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 12, 2021

Independent Auditors' Report

Exhibit I – Significant Deficiencies

1. Deficiencies Noted in Certain Information Technology (IT) Controls

During fiscal year 2021, we noted certain deficiencies surrounding IT general controls associated with the GSA's financial management systems and supporting infrastructure that we considered collectively to be a significant deficiency.

Condition

Access controls and segregation of duties. The objectives of limiting access are to ensure that users have only the access needed to perform their duties; that access to sensitive computing resources, such as system source code, is limited to few individuals; and that employees are restricted from performing incompatible functions or duties beyond their responsibility. For several of GSA's financial systems, we noted deficiencies in access and segregation of duties controls in the areas of (1) termination and recertification of system access, and (2) segregation of duties and least privilege access.

Configuration management controls. The objectives of change and configuration management controls are to ensure that hardware, software and firmware programs, and program modifications are properly authorized, tested, and approved; that access to and distribution of programs is carefully controlled; and that integrity of the application controls is maintained. For one of GSA's financial systems, we noted deficiencies in change and configuration management controls in the areas of (1) logical access associated with changes to the information system, and (2) approving and testing of changes made to the system.

Criteria

- (1) The Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government*, dated September 2014,
- (2) National Institute of Standards and Technology (NIST) Special Publication (SP) 800-53, Revision (Rev.) 4, *Security and Privacy Controls for Federal Information Systems and Organizations*, and
- (3) GSA Information Technology (IT) Security Policy.

Cause

GSA did not fully enforce its access administration policies. Additionally, GSA management indicated individuals serve multiple roles and require elevated access to the environment and therefore, a formal process to restrict such access had not been fully developed. Finally, evidence supporting change request approvals and testing was not formally documented and retained for certain system changes because of the lack of fully defined configuration management procedures.

Effect

The IT control deficiencies noted above increase the risk of unauthorized access, disclosure, modification, and/or destruction of GSA's system programs and data.

Recommendations

We recommend that GSA management:

1. Enforce procedures to remove access of terminated users from GSA's systems in a timely manner and perform periodic user account access reviews as required by GSA's policy.
2. Evaluate, develop, and implement a formal process to restrict and properly separate access to GSA's systems and supporting infrastructure.
3. Evaluate, develop, and implement a formal process to ensure that changes to GSA's systems and supporting infrastructure are appropriately approved and tested prior to migration into the production environment. Such approval and testing should be documented and maintained.

Management's Response

Management concurs. GSA will implement corrective actions that address these deficiencies.

Independent Auditors' Report
Exhibit I – Significant Deficiencies

2. Deficiency Noted in Periodic Management Review Control over Undelivered Orders (UDOs)

GSA incurs obligations and outlays to carry out its activities. Obligations are legally binding agreements that will result in outlays, immediately or in the future. When GSA places an order or signs a contract, an obligation is incurred. As of September 30, 2021, GSA's obligations balance for UDOs was \$14 billion.

Condition

During our testwork, we noted that management's review control over the UDOs balance as of September 30, 2021 was not effectively designed to include the review of obligations recorded in the general ledger through certain types of adjustments. Specifically, management's review control did not detect invalid UDOs of approximately \$264 million that were recorded as an adjustment to the UDOs balance in fiscal year 2020. This error was corrected in the final fiscal year 2021 financial statements.

Criteria

GAO Standards for Internal Control in the Federal Government, dated September 2014, Principle 7, *Identify, Analyze, and Respond to Risks*, and Principle 16, *Perform Monitoring Activities*.

Cause

This adjustment was not reversed in fiscal year 2020 through the established reversal process due to management oversight. GSA's risk assessment process did not identify obligations recorded in the general ledger through certain types of adjustments as a risk that required periodic reviews.

Effect

The condition noted above resulted in an overstatement of obligations incurred and an understatement of unobligated balances by approximately \$264 million in the initial draft of the fiscal year 2021 financial statements. Without proper controls in place to ensure that the UDOs balance represent valid obligations, there is an increased risk that material misstatements in GSA's financial statements will not be detected and corrected in a timely manner.

Recommendations

We recommend that GSA:

1. Revise the design of its semi-annual UDO review control to include a review of all UDOs reported in the general ledger.
2. Design and implement periodic management review controls over transactions recorded through adjusting entries to ensure the continued validity of such transactions.

Management's Response

Management concurs. GSA will implement corrective actions that address these deficiencies.

CONSOLIDATED FINANCIAL STATEMENTS

U.S. General Services Administration

Consolidated Balance Sheets

As of September 30, 2021, and September 30, 2020

(Dollars in Millions)

	2021	2020
ASSETS:		
Intragovernmental:		
Fund Balance with Treasury (Notes 1-D, 2)	\$17,290	\$14,643
Accounts Receivable, Net (Note 4)	5,452	3,977
Advances and Prepayments	54	90
Total Intragovernmental	22,796	18,710
With the Public:		
Accounts Receivable, Net (Note 4)	138	125
General Property, Plant, and Equipment, Net (Notes 1-E, 6)	27,297	27,361
Advances and Prepayments	14	—
Other Assets (Note 5)	58	75
Total With the Public	27,507	27,561
TOTAL ASSETS	\$50,303	\$46,271
Stewardship PP&E (Note 6-F)		
LIABILITIES:		
Intragovernmental:		
Accounts Payable	1,142	1,175
Advances From Others and Deferred Revenue	45	48
Other Liabilities (Note 9)	61	95
Total Intragovernmental	1,248	1,318
With the Public:		
Accounts Payable	5,466	4,043
Federal Debt and Interest Payable	661	664
Federal Employee Benefits Payable	278	275
Environmental and Disposal Liabilities (Notes 6, 10-B)	1,912	1,960
Advances From Others and Deferred Revenue	11	12
Other Liabilities (Note 9)	778	694
Total With the Public	9,106	7,648
TOTAL LIABILITIES (Note 11)	10,354	8,966
Commitments and Contingencies (Note 10)		
NET POSITION:		
Unexpended Appropriations - Funds Other Than Those From Dedicated Collections	1,972	933
Total Unexpended Appropriations	1,972	933
Cumulative Results of Operations - Funds From Dedicated Collections (Note 14)	177	142
Cumulative Results of Operations - Funds Other Than Those From Dedicated Collections (Note 14)	37,800	36,230
Total Cumulative Results of Operations	37,977	36,372
TOTAL NET POSITION	39,949	37,305
TOTAL LIABILITIES & NET POSITION	\$50,303	\$46,271

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, 2021 and September 30, 2020

(Dollars in Millions)

		2021	2020
Manage Building Operations	Earned Revenues	\$11,844	\$12,099
	Less: Operating Expenses	11,047	11,646
	Net Revenues from Operations	797	453
<hr/>			
Provide Acquisition Services	Earned Revenues	19,785	16,811
	Less: Operating Expenses	19,305	16,545
	Net Revenues from Operations	480	266
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Working Capital and General Programs	Earned Revenues	55	55
	Less: Operating Expenses	417	390
	Net Cost of Operations	(362)	(335)
<hr/>			
GSA Consolidated Net Results	Earned Revenues	31,684	28,965
	Less: Operating Expenses	30,769	28,581
	Net Revenues from Operations	\$915	\$384

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, 2021 and September 30, 2020

(Dollars in Millions)

	2021	2020
BEGINNING BALANCE OF NET POSITION:		
Unexpended Appropriations	\$933	\$680
Cumulative Results of Operations	36,372	35,528
Net Position Beginning Balance	37,305	36,208
CHANGES IN UNEXPENDED APPROPRIATIONS:		
Appropriations Received	1,449	581
Appropriations Used	(403)	(319)
Appropriations Adjustments and Transfers (To) From Other Agencies or Funds	(7)	(9)
Net Change in Unexpended Appropriations	1,039	253
RESULTS OF OPERATIONS:		
Net Revenues From Operations	915	384
Appropriations Used (Note 1-C)	403	319
Non-Exchange Revenue (Notes 1-C, 1-D)	96	79
Imputed Financing Provided By Others	147	96
Transfers of Financing Sources (To) From the U.S. Treasury	(10)	(78)
Transfers of Net Assets and Liabilities (To) From Other Federal Agencies	70	46
Other	(16)	(2)
Net Change in Cumulative Results of Operations	1,605	844
ENDING BALANCE OF NET POSITION:		
Unexpended Appropriations	1,972	933
Cumulative Results of Operations	37,977	36,372
Net Position Ending Balance	\$39,949	\$37,305

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, 2021 and September 30, 2020

(Dollars in Millions)

	2021	2020
BUDGETARY RESOURCES		
Unobligated Balance from Prior Year Budget Authority, Net (Note 13)	\$8,407	\$8,022
Appropriations	1,475	608
Spending Authority from Offsetting Collections	32,564	31,676
Total Budgetary Resources	42,446	40,306
STATUS OF BUDGETARY RESOURCES		
New Obligations and Upward Adjustments	33,761	33,275
Unobligated Balance, End of Period		
Apportioned, Unexpired Accounts	5,855	5,779
Unapportioned, Unexpired Accounts	2,785	1,205
Unexpired Unobligated Balance, End of Period	8,640	6,984
Expired Unobligated balance, End of Period	45	47
Unobligated Balance, End of Period, Total	8,685	7,031
Total Status of Budgetary Resources	42,446	40,306
OUTLAYS, NET		
Net Outlays (Receipts) from Operating Activity	(1,196)	(198)
Distributed Offsetting Receipts	(74)	(67)
Total Net Agency Outlays (Receipts)	\$(1,270)	\$(265)

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

(For the Fiscal Years Ended September 30, 2021, and 2020)

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 General Services, appointed by the President of the United States and confirmed by 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 Buildings 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 the 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. Revolving Funds may also receive funds from appropriations. Both the FBF and the ASF are large revolving funds; however, receipts in the FBF are generally subject to further action by Congress and, as such, the FBF is a quasi-revolving fund. The revolving funds in the Other Funds category consist of the following:

- Federal Citizen Services Fund (FCSF) No-year and Multi-Year
- 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 20 General Funds. Six of these General Funds are funded by one-year appropriations; six by no-year appropriations; three 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)
- TMF - Multi-Year

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 Fund²
- Environmental Review Improvement Fund^{2,3}
- 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 (Treasury) automatically transfers

² This fund, as of the end of FY 2021, has yet to receive any funds from dedicated collections.

³ 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.

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 fiscal year (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 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 FASAB and OMB Circular 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 format of the Balance Sheet changed in FY 2021, to reflect more detail for certain line items, as required for all significant reporting entities by OMB Circular A-136. This change does not affect totals for assets, liabilities, or net position; instead, it allows readers to see how the amounts shown on the Balance Sheet are reflected on the Government-wide Balance Sheet, thereby supporting the preparation and audit of the Financial Report of the United States

Government. The presentation of the FY 2020 Balance Sheet was modified to be consistent with the FY 2021 presentation. 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 in conformance with the Treasury's Federal Entity Reporting Requirements for the Financial Report of the United States Government and requirements of OMB Circular A-136. On the Consolidated Balance Sheets, Consolidated Statements of Changes in Net Cost, and Consolidated Statements of Changes in Net Position, all significant intra-agency balances and transactions are eliminated in consolidation. Additionally, adjustments are applied to eliminate GSA's intra-fund activity on the applicable financial statements. No such eliminations are 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, 2021, and 2020, the most significant of which are in the ASF. 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 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. 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 the actual cost and, as a result, revenues are generally earned to match the 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. 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. Fee revenues in the GSA Schedules programs are earned from non-federal vendors based on estimated and actual usage of GSA contracting vehicles by other agencies. The Schedules programs generated \$252 million in fees, constituting 1 percent of ASF revenues in FY 2021, and \$219 million in fees, constituting 1 percent of ASF revenues in FY 2020.

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 Fund Balance with Treasury (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 controlling 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 statutory 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. Under section 412 of the GSA General Provisions, Consolidated Appropriations Act, 2005 (Public Law No. 108-447) (Section 412), GSA is authorized to retain the net proceeds from the disposition of real property under the jurisdiction, custody and control of GSA to be used for GSA's real property capital needs as authorized in annual appropriation acts. 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.

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 provided 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 five years, or the unexpired lease or OA 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.

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 two 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.

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, 2021, and 2020.

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 FBwT as of September 30, 2021, and 2020, 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)

2021	Obligated Balance, Net ¹	Unobligated Balance Available	Unobligated Balance Unavailable	Non-Budgetary FBwT	Total
FBF	\$ (364)	\$ 4,477	\$ 9,340	\$ —	\$ 13,453
ASF	(316)	1,177	920	—	1,781
Other Funds	354	174	1,383	145	2,056
Total	\$ (326)	\$ 5,828	\$ 11,643	\$ 145	\$ 17,290

2020	Obligated Balance, Net ¹	Unobligated Balance Available	Unobligated Balance Unavailable	Non-Budgetary FBwT	Total
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

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 retained by GSA or 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 \$111 million and \$104 million at September 30, 2021, and 2020, respectively, of which \$6 million and \$9 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 \$45 million and \$47 million at September 30, 2021, and 2020, respectively. The FBF has balances that are temporarily not available in accordance with annual appropriations acts that limit the amount of reimbursable resources that are available for spending each year. Such amounts totaled \$9 billion and \$8 billion at September 30, 2021, and 2020, respectively, and will not be available for expenditure except as authorized in future appropriations 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 General Services. GSA is also required to return annually any excess proceeds related to the Personal Property Sales program to the U.S. Treasury. The ASF returned \$3 million and \$10 million in FY 2021 and FY 2020, 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, 2021, and 2020, 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 \$33 million and \$42 million, as of September 30, 2021, and 2020, respectively.

4. Accounts and Notes Receivable, Net

Substantially all accounts receivable are from other Federal agencies, with only 2.5 percent and 3.1 percent due from non-federal customers as of September 30, 2021, and 2020, 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, 2021, and 2020, accumulated unrecognized interest on all notes deemed uncollectible totaled \$309 million and \$273 million, respectively. A summary of accounts receivable as of September 30, 2021, and 2020, is as follows:

4. Accounts Receivable

(Dollars in Millions)

	FBF		ASF		Other Funds		Less: Intra GSA Eliminations		GSA Consolidated Totals	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Accounts Receivable - Billed	\$88	\$105	\$90	\$88	\$2	\$12	\$—	\$—	\$180	\$205
Accounts Receivable - Unbilled	247	294	5,009	3,469	69	71	(39)	(41)	5,286	3,793
Allowance for Doubtful Accounts	(3)	(11)	(11)	(9)	(1)	(1)	—	—	(15)	(21)
Capital Lease Payments Receivable	24	28	1	1	—	—	—	—	25	29
Unamortized Deferred Charges and Prepayments	114	96	—	—	—	—	—	—	114	96
Total Accounts Receivable, Net	\$470	\$512	\$5,089	\$3,549	\$70	\$82	\$(39)	\$(41)	\$5,590	\$4,102

5. Other Assets

As of September 30, 2021, and 2020, Other Assets were comprised of the following balances:

5. Other Assets

(Dollars in Millions)

	FBF		ASF		Other Funds		GSA Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
Surplus Property Held for Sale	\$34	\$34	\$14	\$28	\$—	\$—	\$48	\$62
Intangible Assets	—	—	8	11	—	—	8	11
Miscellaneous	2	2	—	—	—	—	2	2
Total Other Assets - With the Public	\$36	\$36	\$22	\$39	\$—	\$—	\$58	\$75

6. Property and Equipment, Net

A. Summary of Balances

Balances in GSA Property and Equipment accounts subject to depreciation as of September 30, 2021, and 2020, are summarized below:

6A-1. Depreciable Property and Equipment

(Dollars in Millions)

	2021			2020		
	Cost	Accumulated Depreciation	Net book Value	Cost	Accumulated Depreciation	Net book Value
Buildings:						
FBF	\$52,553	\$32,990	\$19,563	\$51,205	\$31,256	\$19,949
Leasehold Improvements:						
FBF	194	186	8	217	205	12
ASF	13	11	2	13	10	3
Other Funds	4	4	—	4	3	1
Total Leasehold Improvements	211	201	10	234	218	16
Motor Vehicles:						
ASF	6,540	2,554	3,986	6,474	2,453	4,021
Other Equipment:						
FBF	103	91	12	127	115	12
ASF	127	76	51	134	96	38
Other Funds	48	39	9	44	32	12
Total Other Equipment	278	206	72	305	243	62
Total Property and Equipment	\$59,582	\$35,951	\$23,631	\$58,218	\$34,170	\$24,048

6A-2. Total Property and Equipment Summary of Changes

(Dollars in Millions)

	2021				2020			
	FBF	ASF	Other Funds	GSA Consolidated	FBF	ASF	Other Funds	2020 GSA Consolidated
Net Book Value - Beginning	\$23,287	\$4,062	\$12	\$27,361	\$22,843	\$3,992	\$17	\$26,852
Capitalized Acquisitions	1,681	794	5	2,480	2,169	847	5	\$3,021
Disposals	—	(202)	—	(202)	(14)	(168)	—	\$(182)
Depreciation Expense	(1,719)	(615)	(8)	(2,342)	(1,711)	(609)	(10)	(2,330)
Net Book Value - Ending	\$23,249	\$4,039	\$9	\$27,297	\$23,287	\$4,062	\$12	\$27,361

B. 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 include incremental direct costs of the remediation effort and costs of compensation and benefits of those employees who are expected to devote 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 PBS 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 to Federal customers. 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 Toxic Substances Control 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 for environmental and disposal liabilities as of September 30, 2021 and 2020, 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.

6B. Environmental and Disposal Liabilities

(Dollars in Millions)

	2021	2020
Environmental Liabilities (external releases to the environment)	\$104	\$107
Asbestos Liabilities	1,489	1,518
PP&E: Non-asbestos Liabilities	299	292
Total Environmental and Disposal Liabilities (amortized)¹	\$1,892	\$1,917

¹ Does not include non-GSA assets that 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 \$104 million for FY 2021. This is a decrease from \$107 million for FY 2020. 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's environmental remediation projects range from the cleanup of hazardous substances (e.g., chemical solvents, toxic metals, and polychlorinated biphenyls) and petroleum released into soil and groundwater to complex long-term remediation of former Department of Defense sites (e.g., 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, 2021 and 2020, GSA's FBF had \$34 million for and \$19 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 PP&E 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 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. A useful life of 30 years is used for the purpose of recognizing and amortizing the long-term estimated asbestos cleanup costs for GSA facilities. During FY 2021, 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 2021 are \$1.49 billion, which is a slight decrease from FY 2020, which was \$1.52 billion. The decrease is due to changes in asbestos liability cost factors based upon updated building asbestos abatement cost estimates. The unamortized asbestos liability for FY 2021 is \$5 million; in FY 2020, this amount was \$7 million.

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 to determine the total estimated non-asbestos liability. For FY 2021, the amortized PP&E non-asbestos related liabilities are \$299 million, compared to FY 2020 of \$292 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 liability for FY 2021 is \$43 million; this amount was \$46 million in FY 2020.

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 in the National Register of Historic Places, have formally been determined eligible for listing, or appear to meet eligibility criteria to be listed. In FY 2021, GSA has under its jurisdiction, custody and control 423 buildings on the National Register of which 74 are designated as National Historic Landmarks. An additional 91 buildings are potentially eligible for listing in 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 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 2021 and FY 2020 were calculated by DOL using the following discount rates:

7. Discount Rates

Type of Benefits	2021		2020	
	Year 1	Year 2 and thereafter	Year 1	Year 2 and thereafter
Wage Benefits	2.23%	2.23%	2.41%	2.41%
Medical Benefits	2.06%	2.06%	2.30%	2.30%

At September 30, 2021, and 2020, GSA's actuarial liability, reported in Federal Employee Benefits Payables on the Balance Sheet, totaled \$118 million and \$124 million, respectively. As reported in Note 9, Other Intragovernmental Liabilities on the Balance Sheet, the Workers Compensation accrued liability at September 30, 2021, and 2020, totaled \$21 million and \$23 million, respectively.

8. Leasing Arrangements

As of September 30, 2021, GSA was committed to various non-cancelable operating leases covering office space and warehouse storage facilities maintained by PBS and paid from 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 non-cancelable terms in excess of one 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:

8-1. Future Minimum Rental Payments

(Dollars in Millions)

OPERATING LEASES		CAPITAL LEASES	
FISCAL YEAR	FBF	FISCAL YEAR	FBF
2022	\$3,831	2022	\$4
2023	3,337	2023	—
2024	2,932	2024	—
2025	2,534	2025	—
2026	2,229	2026	—
2027 and thereafter	10,897	2027 and thereafter	—
Total future minimum lease payments	\$25,760	Total future minimum lease payments	\$4
		Less: Amounts representing	
		Interest	—
		Executory Costs	—
		Total obligations under capital leases	\$4

Substantially all leased and federally owned space maintained by PBS is assigned to other Federal agencies at either rent charges to recover GSA's cost of that space or commercially 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 information technology (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 one year:

8-2. Future Minimum Rental Revenue
OPERATING LEASE REVENUES
(Dollars in Millions)

Fiscal Year	FBF	ASF	TOTAL
2022	\$1,717	\$2	\$1,719
2023	1,409	1	1,410
2024	1,271	1	1,272
2025	1,157	—	1,157
2026	1,102	—	1,102
2027 and thereafter	6,595	—	6,595
Total future minimum lease receipts	\$13,251	\$4	\$13,255

For four of GSA's buildings, the rental agreements with the customer include transfer of the buildings at the end of the rental term. Due to this accounting treatment the assets have already been removed from GSA's Balance Sheet. FIT currently has two 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:

8-3. Future Minimum Rental Receipts
DIRECT FINANCING REVENUES
(Dollars in Millions)

Fiscal Year	FBF	ASF	Total
2022	\$4	\$1	\$5
2023	4	—	4
2024	3	—	3
2025	3	—	3
2026	2	—	2
2027 and thereafter	9	—	9
Total future minimum rental receipts	\$25	\$1	\$26

Rental income under space assignment agreements and related reimbursable arrangements for tenant improvements and above-standard service requirements approximated \$6.5 billion for FY 2021 and \$6.7 billion FY 2020, respectively. The vast majority of the rental income in FY 2021 comes from Federal agencies and entities, while only \$21 million is from outleases from non-federal entities. The rent expense under all operating leases, including short-term non-cancelable leases, was approximately \$5.6 billion for FY 2021 and \$5.8 billion for FY 2020. Of the \$5.6 billion in FY 2021 rent expense, only \$22 million was paid to other Federal agency lessors, with the remaining expense being paid to non-federal entities. The Consolidated Balance Sheets include capital lease assets of \$300 million for FY 2021 million and \$336 million for FY 2020, and accumulated amortization on such structures of \$299 million for FY 2021 and \$329 million for FY 2020. For substantially all of its leased property, GSA expects that such leases will be either renewed or replaced in the normal course of business in accordance with the needs of its customer agencies.

9. Other Liabilities

As of September 30, 2021, and 2020, 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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
OTHER INTRAGOVERNMENTAL LIABILITIES										
Workers' Compensation Due to DOL	\$12	\$12	\$6	\$8	\$3	\$3	\$—	\$—	\$21	\$23
Federal Benefit Withholdings	8	9	5	6	4	5	—	—	17	20
Amounts Owed to General Fund	—	—	—	—	2	1	—	—	2	1
Amounts Owed to Other Agencies	—	—	—	—	5	37	—	—	5	37
Deposits in Clearing Funds	—	—	—	—	11	14	—	—	11	14
Other	2	—	2	—	1	—	—	—	5	—
Total Other Intragovernmental Liabilities	\$22	\$21	\$13	\$14	\$26	\$60	\$—	\$—	\$61	\$95
OTHER LIABILITIES										
Salaries and Benefits Payable	31	37	23	21	18	15	—	—	72	73
Other	10	—	—	—	—	—	—	—	10	—
Lease Termination Liability	668	561	—	1	—	—	—	—	668	562
Contingencies	1	1	—	—	—	—	—	—	1	1
Deposit Fund Liability	—	—	—	—	23	28	—	—	23	28
Capital Lease Liability	4	30	—	—	—	—	—	—	4	30
Total Other Liabilities	\$714	\$629	\$23	\$22	\$41	\$43	\$—	\$—	\$778	\$694

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, 2021, and 2020, are as follows:

10A. Undelivered Orders

(Dollars in Millions)

	2021					2020				
	Federal	Non-Federal	Paid	Unpaid	Total	Federal	Non-Federal	Paid	Unpaid	Total
FBF	\$73	\$3,411	\$51	\$3,433	\$3,484	\$119	\$3,043	\$90	\$3,072	\$3,162
ASF	779	9,515	34	10,260	10,294	164	10,505	50	10,619	10,669
Other Funds	111	200	3	308	311	175	153	—	328	328
Total Undelivered Orders	\$963	\$13,126	\$88	\$14,001	\$14,089	\$458	\$13,701	\$140	\$14,019	\$14,159

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, the FBF, the 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 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, managing federally owned and leased 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. Accordingly, no balances have been recorded in the financial statements for these contingencies. Reasonably possible contingencies involve a wide variety of allegations and claims.

The accrued and reasonably possible contingencies as of September 30, 2021, and 2020 are summarized in the table below:

10B. Accrued and Reasonably Possible Contingencies

(Dollars in Millions)

2021	Accrued Liabilities	Estimated Range of Loss	
		Lower End	Upper End
Legal Contingencies:			
Probable - FBF	\$1	\$1	\$1
Probable - Other Funds	—	—	1
Total Probable	1	1	2
Reasonably Possible - ASF		—	2
Reasonably Possible - FBF		75	208
Reasonably Possible - Other Funds		—	3
Total Reasonably Possible		75	213
Environmental Contingencies:			
Probable - Other Funds	\$20	\$20	\$80
Reasonably Possible - Other Funds		—	161
2020			
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

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 prompt 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 U.S. Treasury Judgment Fund on behalf of GSA, regardless of ultimate funding, were as follows:

10C. Judgment Fund Payments

(Dollars in Millions)

	2021	2020
FBF	\$1	\$20
Other Funds	53	10
Total Judgment Fund Payments	\$54	\$30

Of these amounts, the most significant balances are related to Contract Disputes Act claims in the 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 its behalf. For FY 2021 and FY 2020 GSA recorded \$53 million and \$10 million, respectively, in Imputed Financing Provided From Others for the non-reimbursable payments the U.S. 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 FBF related amounts paid by the U.S. Treasury Judgment Fund from the prior year as there was a Contract Disputes Act claim that was paid by the U.S. Treasury Judgment Fund for almost \$15 million in FY 2020. For the Other Funds, the most notable increase in claims paid by the U.S. Treasury Judgment Fund in FY 2021 is due to an Environmental claim for over \$37 million where GSA is the sole party responsible for the claim.

11. Liabilities Not Covered By Budgetary Resources

As of September 30, 2021, and 2020, 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, the U.S. 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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Accounts Payable - Federal	\$—	\$—	\$—	\$—	\$11	\$23	\$(11)	\$(23)	\$—	\$—
Deferred Revenues - Federal	4	6	3	5	—	—	—	—	7	11
Judgment Fund Liability	524	524	—	—	—	—	—	—	524	524
Other Intragovernmental Liabilities	12	12	6	8	3	3	—	—	21	23
Total Intragovernmental Liabilities Not Covered by Budgetary Resources	540	542	9	13	14	26	(11)	(23)	552	558
Installment Purchase Liability	661	664	—	—	—	—	—	—	661	664
Annual Leave Liability	62	59	43	40	37	36	—	—	142	135
Other Federal Employee Benefits Payable	—	—	—	—	14	13	—	—	14	13
Worker's Compensation Actuarial Liability	71	71	28	39	18	13	—	—	117	123
Environmental and Disposal Liabilities	1,892	1,917	—	—	20	43	—	—	1,912	1,960
Capital Lease Liability	4	29	—	—	—	—	—	—	4	29
Other Liabilities	1	1	—	1	—	—	—	—	1	2
Total Non-Intragovernmental Liabilities Not Covered by Budgetary Resources	2,691	2,741	71	80	89	105	—	—	2,851	2,926
Total Liabilities Not Covered By Budgetary Resources	3,231	3,283	80	93	103	131	(11)	(23)	3,403	3,484
Total Liabilities Covered By Budgetary Resources	1,570	1,687	4,592	3,075	109	99	(28)	(18)	6,243	4,843
Total Liabilities Not Requiring Budgetary Resources	668	559	—	1	40	79	—	—	708	639
Total Liabilities	\$5,469	\$5,529	\$4,672	\$3,169	\$252	\$309	\$(39)	\$(41)	\$10,354	\$8,966

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) the portion of amounts included on the Consolidated Balance Sheet in Other Liabilities - With the Public are shown as Unamortized Rent Abatement Liability and Deposit Fund Liability; and 2) the portion of amounts included in Other Intragovernmental Liabilities shown as Deposits in Clearing Funds (Held in Suspense and Earnings Payable to Treasury) and Amounts Owed to the General Fund/Other Agencies shown as custodial collections 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 2022 President's Budget, which contains FY 2020 financial statement results. The FY 2023 President's Budget, containing FY 2021 actual results, is expected to be released in February 2022, 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 via the Reports on Budget Execution and Budgetary Resources (SF 133s) constitute the basis for reporting of actual results in the President's Budget and the CSBR. 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 2020 CSBR and the FY 2022 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 \$40.3 billion and \$16.9 billion as of September 30, 2020, respectively, represent budgetary resources net of FBF's unavailable budgetary resources of \$7.6 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.

12-1. Total Differences - CSBR Compared to President's Budget by Fund

(Dollars in Millions)

	FBF		ASF		OTHER FUNDS		GSA COMBINED TOTALS		
	CSBR	Pres. Budget	CSBR	Pres. Budget	CSBR	Pres. Budget	CSBR	Pres. Budget	Difference
Budgetary Resources	\$24,551	\$24,550	\$21,953	\$21,953	\$1,431	\$1,382	\$47,935	\$47,885	\$50
New Obligations and Upward Adjustments	11,706	11,706	20,516	20,516	1,053	1,050	33,275	33,272	3
Net Outlays (Receipts) from Operating Activities	(316)	(317)	(134)	(135)	252	251	(198)	(201)	3
Distributed Offsetting Receipts	—	—	—	—	(67)	—	(67)	—	(67)

12-2. Components of each difference all funds combined

(Dollars in Millions)

	Budgetary Resources	New Obligations and Upward Adjustments	Net Outlays (Receipts) from Operating Activities	Distributed Offsetting Receipts
Combined Statement of Budgetary Resources	\$47,935	\$33,275	\$(198)	\$(67)
Expired Funds, Not Reflected in the Budget	(49)	(3)	—	—
Offsetting Receipts, Not Reflected in the Budget	—	—	—	67
Other	(1)	—	(3)	—
Budget of the U.S. Government	\$47,885	\$33,272	\$(201)	\$—

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 material differences between the balances used to prepare the CSBR and the SF-133s in FY 2021 or FY 2020.

13. Adjustments to Unobligated Balances Brought Forward

(Dollars in Millions)

	FBF		ASF		Other Funds		GSA Combined Totals	
	2021	2020	2021	2020	2021	2020	2021	2020
Prior Year Total Unobligated Balance, End of Period	\$5,216	\$5,499	\$1,437	\$1,310	\$378	\$355	\$7,031	\$7,164
Adjustments to Unobligated Balance Brought Forward								
Unobligated Balance transferred to other accounts	—	—	—	—	(17)	(30)	(17)	(30)
Unobligated Balance transferred from other accounts	—	—	—	—	10	4	10	4
Adjustment of Unobligated Balance Brought Forward, October 1	—	—	—	—	—	—	—	—
Recoveries of Prior Year Unpaid Obligations	112	100	1,234	756	39	29	1,385	885
Other Changes in Unobligated Balance	2	(1)	5	3	(9)	(3)	(2)	(1)
Total Adjustments to Unobligated Balance Brought Forward	114	99	1,239	759	23	—	1,376	858
Unobligated Balance from Prior Year Budget Authority, Net	\$5,330	\$5,598	\$2,676	\$2,069	\$401	\$355	\$8,407	\$8,022

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 \$173⁴ million and \$138⁴ million as of September 30, 2021, and 2020, 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 displayed on the Consolidating 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 Judgement Fund. 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 2021, 2.5 percent (down from 3.0 percent in FY 2020) of GSA employees were covered by the CSRS, a defined benefit plan. Total GSA (employer) contributions (7.5 percent of

⁴ These balances do not include any applicable Intra-GSA elimination adjustments.

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)

	2021	2020
FBF	\$1	\$1
ASF	1	1
Other Funds	1	1
Total Employer Contributions	\$3	\$3

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, 2021, 97.4 percent (up from 96.9 percent in FY 2020) 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 in their TSP account in both calendar years 2021 and 2020, respectively. In addition, for FERS employees, GSA automatically contributes one percent of base pay and matches employee contributions up to an additional four percent of base pay. For calendar years 2021 and 2020, total contributions made on behalf of an employee could not exceed \$58,000 and \$57,000, respectively. For FY 2021, the GSA (employer) contributions to FERS (35.8 percent of base pay for law enforcement employees (up from 33.4 percent in FY 2020) and 17.3 percent for all others (up from 16 percent in FY 2020) were as follows:

15C. Total Employer Contributions to Federal Employees Retirement System

Automatic contributions

(Dollars in Millions)

	2021	2020
FBF	\$96	\$86
ASF	66	57
Other Funds	57	51
Total Employer Contributions	\$219	\$194

Additional GSA contributions to the TSP were as follows:

15C. Additional GSA Contributions to Thrift Savings Plan

Matching contributions

(Dollars in Millions)

	2021	2020
FBF	\$26	\$25
ASF	18	17
Other Funds	15	14
Total Employer Contributions	\$59	\$56

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 \$142,800 and \$137,700 in calendar years 2021 and 2020, respectively) to SSA's Old-Age, Survivors, and Disability Insurance Program in both calendar years 2021 and 2020. 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 2021 and 2020. In both FY 2021 and 2020, 0.1 percent 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)

	2021	2020
FBF	\$42	\$41
ASF	30	28
Other Funds	24	23
Total Employer Contributions	\$96	\$92

E. Schedule of Unfunded Benefit Costs

Amounts recorded in fiscal years 2021 and 2020, 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
2021			
FBF	\$4	\$39	\$43
ASF	4	23	27
Other Funds	4	20	24
Total Unfunded Benefit Costs	\$12	\$82	\$94
2020			
FBF	\$4	\$35	\$39
ASF	4	21	25
Other Funds	4	18	22
Total Unfunded Benefit Costs	\$12	\$74	\$86

In addition to the imputed post-employment benefits noted above, GSA recorded imputed costs for the non-reimbursable payments the U.S. 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 133s, with additions for Distributed Offsetting Receipts to produce Total Net Outlays.

16. FY 2021 Budget and Accrual Reconciliation

(Dollars in Millions)

	Federal Buildings Fund			Acquisition Services Fund			Other Funds			Less: Intra GSA Eliminations			GSA Consolidated		
	Intra government	With the Public	Total	Intra government	With the Public	Total	Intra government	With the Public	Total	Intra government	With the Public	Total	Intra government	2021 with the Public	Total
Net Cost (Revenue) of Operations			\$(778)			\$(465)			\$364			\$36			\$(915)
Components of Net Cost Not Part of the Budget Outlays															
Property, plant, and equipment depreciation expense	—	(1,721)	(1,721)	—	(615)	(615)	—	(9)	(9)	—	—	—	—	(2,345)	(2,345)
Property, plant, and equipment disposals and revaluations	—	232	232	—	(215)	(215)	—	—	—	—	—	—	—	17	17
Increase/(Decrease) in Assets															
Accounts receivable, net	(45)	3	(42)	1,533	13	1,546	(6)	—	(6)	—	—	—	1,482	16	1,498
Loans receivable, net (Non-FCRA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other assets	(39)	—	(39)	(30)	10	(20)	3	—	3	—	—	—	(66)	10	(56)
(Increase)/Decrease in Liabilities															
Accounts Payable	29	90	119	(6)	(1,511)	(1,517)	(7)	—	(7)	—	—	—	16	(1,421)	(1,405)
Environmental and disposal liabilities	—	25	25	—	—	—	—	22	22	—	—	—	—	47	47
Federal employee benefits payable	—	(3)	(3)	—	8	8	—	(7)	(7)	—	—	—	—	(2)	(2)
Federal debt and interest payable	—	31	31	—	—	—	—	—	—	—	—	—	—	31	31
Other Liabilities	—	(89)	(89)	32	(2)	30	2	(2)	—	—	—	—	34	(93)	(59)

16. FY 2021 Budget and Accrual Reconciliation (continued)

(Dollars in Millions)

	Federal Buildings Fund			Acquisition Services Fund			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
Financing Sources															
Imputed Cost	(62)	—	(62)	(42)	—	(42)	(79)	—	(79)	(36)	—	(36)	(147)	—	(147)
Transfers out (in) without reimbursements	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Components of the budget outlays that are not part of net operating cost															
Acquisition of capital assets	—	1,364	1,364	771	2	773	—	5	5	—	—	—	771	1,371	2,142
Acquisition of inventory	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other	—	(2)	(2)	—	—	—	—	—	—	—	—	—	—	(2)	(2)
Net Outlays (Receipts) from Operating Activity			(965)			(517)			286			—			(1,196)
Distributed Offsetting Receipts			—			—			(74)			—			(74)
Total Net Outlays			\$(965)			\$(517)			\$212			\$—			\$(1,270)

16. FY 2020 Budget and Accrual Reconciliation

(Dollars in Millions)

	Federal Buildings Fund			Acquisition Services Fund			Other Funds			Less: Intra GSA Eliminations			GSA Consolidated		
	Intra govern mental	With the Public	Total	Intra govern mental	With the Public	Total	Intra govern mental	With the Public	Total	Intra govern mental	With the Public	Total	Intra govern mental	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)
Other	—	—	—	—	—	—	—	—	(5)	—	—	—	—	—	(5)
Increase/(Decrease) in Assets															
Accounts receivable, net	(42)	(6)	(48)	334	(1)	333	—	—	—	—	—	—	292	(7)	285
Other Assets	—	(1)	(1)	—	—	—	—	—	—	—	—	—	—	(1)	(1)
(Increase)/Decrease in Liabilities	(32)	—	(32)	31	(3)	28	—	—	—	—	—	—	(1)	(3)	(4)
(Increase)/Decrease in Liabilities															
Accounts Payable	50	(13)	37	7	(236)	(229)	10	2	12	—	—	—	67	(247)	(180)
Environmental and Disposal Liabilities	—	(136)	(136)	—	—	—	—	(38)	(38)	—	—	—	—	(174)	(174)
Federal employee and veteran benefit payable	—	(15)	(15)	—	(10)	(10)	—	(7)	(7)	—	—	—	—	(32)	(32)
Federal debt and interest payable	—	28	28	—	—	—	—	—	—	—	—	—	—	28	28
Other Liabilities	—	(19)	(19)	(30)	(1)	(31)	(5)	(3)	(8)	—	—	—	(35)	(23)	(58)

16. FY 2020 Budget and Accrual Reconciliation (continued)

(Dollars in Millions)

	Federal Buildings Fund			Acquisition Services Fund			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	2020 with the Public	Total
Other Financing Sources															
Imputed Financing Provided by Others	(57)	—	(57)	(38)	—	(38)	(33)	—	(33)	(32)	—	(32)	(96)	—	(96)
Transfers out (in) Without Reimbursement	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Components of Budget Outlays Not Part of Net Cost															
Acquisition of Capital Assets	—	2,092	2,092	829	3	832	—	3	3	—	—	—	829	2,098	2,927
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)

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 Intra-GSA Elimination column. The following tables present the FY 2021 and FY 2020 net operating results by strategic goal for each responsibility segment.

17. FY 2021 Net Cost by Responsibility Segment Schedule

For the Year Ended September 30, 2021

(Dollars in Millions)

	FBF - Owned	FBF - Leased	ASF - GS&S	ASF - TTL	ASF - ITC	ASF - AAS	ASF - PSHC	ASF - Other	WCF	General Funds	GSA Combined	Intra- GSA Elims	GSA Consolidated Totals
Manage Building Operations													
Earned Revenues	\$5,377	\$6,531	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$11,908	\$64	\$11,844
Less: Operating Expenses	4,451	6,679	—	—	—	—	—	—	—	—	11,130	83	11,047
Net Revenues from (Cost of) Operations	926	(148)	—	—	—	—	—	—	—	—	778	(19)	797
Provide Acquisition Services													
Earned Revenues	—	—	1,359	2,195	1,650	14,482	111	167	—	—	19,964	179	19,785
Less: Operating Expenses	—	—	1,360	1,864	1,560	14,360	99	256	—	—	19,499	194	19,305
Net Revenues from (Cost of) Operations	—	—	(1)	331	90	122	12	(89)	—	—	465	(15)	480
Working Capital and General Programs													
Earned Revenues	—	—	—	—	—	—	—	—	701	43	744	689	55
Less: Operating Expenses	—	—	—	—	—	—	—	—	724	384	1,108	691	417
Net Revenues from (Cost of) Operations	—	—	—	—	—	—	—	—	(23)	(341)	(364)	(2)	(362)
GSA Consolidated Net Results													
Earned Revenues	5,377	6,531	1,359	2,195	1,650	14,482	111	167	701	43	32,616	932	31,684
Less: Operating Expenses	4,451	6,679	1,360	1,864	1,560	14,360	99	256	724	384	31,737	968	30,769
Net Revenues from (Cost of) GSA Operations	\$926	\$(148)	\$(1)	\$331	\$90	\$122	\$12	\$(89)	\$(23)	\$(341)	\$879	\$(36)	\$915

17. FY 2020 Net Cost by Responsibility Segment Schedule

For the Year Ended September 30, 2020

(Dollars in Millions)

	FBF - Owned	FBF - Leased	ASF - GS&S	ASF - TTL	ASF - ITC	ASF - AAS	ASF - PSHC	ASF - Other	WCF	General Funds	GSA Combined	Intra- GSA Elims	GSA Consolidated Totals
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) Operations	—	—	2	205	58	79	16	(108)	—	—	252	(14)	266
Working Capital and General Programs													
Earned Revenues	—	—	—	—	—	—	—	—	695	39	734	679	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

18. Reclassification of Financial Statement Line Items for Financial Report Compilation Process

To prepare the Financial Report of the U.S. Government (Financial Report), the U.S. 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 Financial Report 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 Financial Report line items. A copy of the 2020 Financial Report can be found here: <https://www.fiscal.treasury.gov/reports-statements/> and a copy of the 2021 Financial Report 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 terms "With the Public" and "Non-Federal" are 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.

Please note, in FY 2021 GSA made the transition to present the Balance Sheet in accordance with OMB Circular A-136. Since GSA opted to not present the Funds From Dedicated Collections balances in GSA's Note 21, it is being presented in GSA's Note 18 to provide Treasury with the data they need to prepare the Financial Report.

18. Reclassification of GSA's Balance Sheet for the Financial Report of the U.S. Government
(Dollars in Millions)

FY 2021 GSA Balance Sheet		Line Items Used to Prepare FY 2021 Government-wide Balance Sheet					
Financial Statement Line	Amounts	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:							Intragovernmental:
Fund Balance with Treasury (Notes 1-D,2)	\$17,290	\$168	\$—	\$17,122	\$—	\$17,290	Fund Balance with Treasury (Note 3)
Accounts Receivable, Net (Note 4)	5,452	—	—	5,452	—	5,452	Accounts Receivable, Net (Note 6)
Advances and Prepayments	54	—	—	54	—	54	Advances and Prepayments
Total Intragovernmental	22,796	168	—	22,628	—	22,796	Total Intragovernmental
With the Public:							With the Public:
Accounts Receivable, Net (Note 4)	138	11	—	127	—	138	Accounts Receivable, Net (Notes 6 and 7)
General Property, Plant, and Equipment, Net (Notes 1-E, 6)	27,297	—	—	27,297	—	27,297	General Property, Plant, and Equipment, Net (Note 10)
Advances and Prepayments	14	—	—	14	—	14	Advances and Prepayments
Other Assets (Note 5)	58	—	—	58	—	58	Other Assets (Note 12)
Total With the Public	27,507	11	—	27,496	—	27,507	Total With the Public
TOTAL ASSETS	50,303	179	0	50,124	0	50,303	TOTAL ASSETS
Stewardship PP&E (Note 6-F)							Stewardship PP&E (Note 11)

18. Reclassification of GSA's Balance Sheet for the Financial Report of the U.S. Government

(Dollars in Millions)

FY 2021 GSA Balance Sheet		Line Items Used to Prepare FY 2021 Government-wide Balance Sheet					
Financial Statement Line	Amounts	Dedicated Collections Combined	Dedicated Collections Eliminations	All Other Amounts (with Eliminations)	Eliminations Between Dedicated and All Other	Total	Reclassified Financial Statement Line
LIABILITIES		LIABILITIES					
Intragovernmental:							Intragovernmental:
Accounts Payable	1,142	—	—	1,142	—	1,142	Accounts Payable (Note 17)
Advances From Others and Deferred Revenue	45	—	—	45	—	45	Advances From Others and Deferred Revenue
Other Liabilities (Note 9)	61	5	—	56	—	61	Other Liabilities (Notes 15 and 17)
Total Intragovernmental	1,248	5	—	1,243	—	1,248	Total Intragovernmental
With the Public:							With the Public:
Accounts Payable	5,466	1	—	5,465	—	5,466	Accounts Payable
Federal Debt and Interest Payable	661	—	—	661	—	661	Federal Debt and Interest Payable (Note 14)
Federal Employee Benefits Payable	278	—	—	278	—	278	Federal Employee [and Veteran] Benefits Payable (Note 15)
Environmental and Disposal Liabilities (Notes 6, 10-B)	1,912	—	—	1,912	—	1,912	Environmental and Disposal Liabilities (Note 16)
Advances From Others and Deferred Revenue	11	—	—	11	—	11	Advances From Others and Deferred Revenue
Other Liabilities (Note 9)	778	—	—	778	—	778	Other Liabilities (Notes 17, 18, and 19)
Total With the Public	9,106	1	—	9,105	—	9,106	Total With the Public
TOTAL LIABILITIES (NOTE 11)	10,354	6	—	10,348	—	10,354	TOTAL LIABILITIES
Commitments and Contingencies (Note 10)							Commitments and Contingencies (Note 19)
NET POSITION		NET POSITION					
Unexpended Appropriations - Funds Other Than Those From Dedicated Collections	1,972	—	—	1,972	—	1,972	Unexpended Appropriations - Funds Other Than Those From Dedicated Collections
Total Unexpended Appropriations	1,972	—	—	1,972	—	1,972	Total Unexpended Appropriations (Combined or Consolidated)
Cumulative Results of Operations - Funds From Dedicated Collections (Note 14)	177	173	—	—	4	177	Cumulative Results of Operations - Funds From Dedicated Collections (Note 20)
Cumulative Results of Operations - Funds Other Than Those From Dedicated Collections (Note 14)	37,800	—	—	37,804	(4)	37,800	Cumulative Results of Operations - Funds Other Than Those From Dedicated Collections
Total Cumulative Results of Operations	37,977	173	—	37,804	—	37,977	Total Cumulative Results of Operations (Combined or Consolidated)
TOTAL NET POSITION	39,949	173	—	39,776	—	39,949	TOTAL NET POSITION
TOTAL LIABILITIES AND NET POSITION	\$50,303	\$179	\$—	\$50,124	\$—	\$50,303	TOTAL LIABILITIES AND NET POSITION

18. Reclassification of GSA's Statement of Net Cost for the Financial Report of the U.S. Government

(Dollars in Millions)

FY 2021 GSA Statement of Net Cost		Line Items Used to Prepare FY 2021 Government-wide Statement of Net Cost					
Financial Statement Line	Amounts	Dedicated Collections Combined	Dedicated Collections 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	\$31,684	\$—	\$—	\$1	\$—	\$1	Borrowing and Other Interest Revenue (Exchange) (RC 05) /2
		—	—	30,768	(4)	30,764	Buy/Sell Revenue (Exchange) (RC 24) /2
		—	—	30,769	(4)	30,765	Total Federal Earned Revenue
		—	—	919	—	919	Non-Federal Earned Revenue
		—	—	31,688	(4)	31,684	Total Earned Revenue
Less: Operating Expenses	\$30,769	1	—	336	—	337	Benefit Program Costs (RC 26) /2
		9	—	250	(4)	255	Buy/Sell Costs (RC 24) /2
		—	—	147	—	147	Imputed Cost (RC 25) /2
		—	—	96	—	96	Other Expenses (Without Reciprocals) (RC 29)
		10	—	829	(4)	835	Total Federal Gross Costs
		12	—	29,922	—	29,934	Non-Federal Gross Cost
		22	—	30,751	(4)	30,769	Total Gross Costs
Net Revenues from Operations	\$915	\$(22)	\$—	\$937	\$—	\$915	Net Costs of Operations

18. Reclassification of GSA's Statement of Changes in Net Position for the Financial Report of the U.S. Government

(Dollars in Millions)

FY 2021 GSA Statement of Changes in Net Position		Line Items Used to Prepare FY 2021 Government-wide Statement of Changes in Net Position					
Financial Statement Line	Amounts	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	\$933	\$—	\$—	\$933	\$—	\$933	Net Position, Beginning of Period
Cumulative Results of Operations	36,372	138	—	36,234	—	36,372	Net Position, Beginning of Period
Net Position Beginning Balance	37,305	138	—	37,167	—	37,305	Net Position Beginning of Period
CHANGES IN UNEXPENDED APPROPRIATIONS:		CHANGES IN UNEXPENDED APPROPRIATIONS:					
Appropriations Received	1,449	—	—	1,449	—	1,449	Appropriations Received as Adjusted (Recissions and Other Adjustments) (RC 41) /1
Appropriations Used	(403)	—	—	(403)	—	(403)	Appropriations Used (RC 39)
Appropriations Adjustments and Transfers (To) From Other Agencies or Funds	(7)	—	—	(6)	—	(6)	Appropriations Received as Adjusted (Recissions and Other Adjustments) (RC 41) /1
		—	—	(1)	—	(1)	Nonexpenditure Transfers-Out of Unexpended Appropriations and Financing Sources (RC 08) /1
Net Change in Unexpended Appropriations	\$1,039	\$—	\$—	\$1,039	\$—	\$1,039	Net Change in Unexpended Appropriations

18. Reclassification of GSA's Statement of Changes in Net Position for the Financial Report of the U.S. Government (continued)

(Dollars in Millions)

FY 2021 GSA Statement of Changes in Net Position		Line Items Used to Prepare FY 2021 Government-wide Statement of Changes in Net Position					
Financial Statement Line	Amounts	Dedicated Collections Combined	Dedicated Collections 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	915	(22)	—	937	—	915	Net Cost of Operations
Appropriations Used (Note 1-C)	403	—	—	403	—	403	Appropriations Expended (RC 38) /1
Non-Exchange Revenue (Notes 1-C, 1-D)	96	41	—	55	—	96	Other Taxes and Receipts
Imputed Financing Provided By Others	147	—	—	147	—	147	Imputed Financing Sources (RC 25) /1
Transfers of Financing Sources (To) From the U.S.Treasury	(10)	9	—	—	—	9	Accrual of Collections Yet to be Transferred to a TAS Other Than the General Fund of the U.S. Government - Nonexchange (RC 16)
		—	—	(1)	—	(1)	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
		23	—	(41)	—	(18)	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	70	—	—	70	—	70	Transfers-In Without Reimbursement (RC 18) /1
Other	(16)	(12)	—	—	—	(12)	Accrual of Collections Yet to be Transferred to a TAS Other Than the General Fund of the U.S. Government - Nonexchange (RC 16)
		(4)	—	—	—	(4)	Other Non-Budgetary Financing Sources (RC 29) /1,9
Net Change in Cumulative Results of Operations	1,605	35	—	1,570	—	1,605	Net Change in Cumulative Results of Operations
ENDING BALANCE OF NET POSITION:		ENDING BALANCE OF NET POSITION:					
Unexpended Appropriations	1,972	—	—	1,972	—	1,972	Net Position, End of Period
Cumulative Results of Operations	37,977	173	—	37,804	—	37,977	Net Position, End of Period
Net Position Ending Balance	\$39,949	\$173	\$—	\$39,776	\$—	\$39,949	Net Position, End of Period

19. Public-Private Partnerships (P3s)

SFFAS 49, *Public-Private Partnerships*, helps achieve the operating performance and budgetary integrity objectives outlined in Statement of Federal Financial Accounting Concepts 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 five 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.

Outleases⁵

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 five 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 an 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.

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 five 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.

⁵ Non-Federal entity funding sources for outleases is unknown.

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 companies (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 ESCO conducts a comprehensive energy audit for the Federal facility and identifies improvements to achieve energy saving. In consultation with the agency, the ESCO designs and constructs a project that meets the agency's needs and arranges the necessary funding. The ESCO guarantees that the improvements will generate energy cost savings sufficient to pay for the project over the term of the ESPC. The cost of an ESPC project must be covered by the energy, water, and related cost savings generated at the project site(s). 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 an ESCO to provide ongoing satisfactory performance throughout the project lifecycle to ensure that the project is successful as designed; (b) the potential 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 ESPC equipment installed in GSA's buildings are 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 costs 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 \$1,446 million shown as the amount to be paid in future periods, \$652 million has been recognized as installment contract liability as of September 30, 2021; \$218 million is for the future interest costs associated with the long-term financing of that liability; and \$576 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)

Agreements/Contracts	2020		2021		Future Periods	
	Actual Amount Received	Actual Amount Paid	Actual Amount Received	Actual Amount Paid	Estimated Amount to be Received	Estimated Amount to be Paid
Outleases	\$21	—	\$18		\$252	—
ESPCs	—	\$94		\$96	—	\$1,446

20. COVID-19 Activity

Three funds at GSA — the FBF, WCF, and FCSF — received funding through the Coronavirus Aid, Relief, and Economic Security Act (P.L. 116-136) to help prevent, prepare and respond to the coronavirus pandemic. Additionally, in order to stimulate the economy from the ongoing effects of the Coronavirus pandemic, GSA received multi-year funding through the American Rescue Plan Act (P.L. 117-2), for the TMF and the FCSF. The TMF received \$1 billion and the FCSF received an additional \$150 million to assist in conducting their missions. Appropriations provided to GSA, as well as expenditures as of September 30, 2021, and September 30, 2020, are displayed in the tables below⁶.

20A. COVID-19 Budgetary Resources

(Dollars in Millions)

2021	FBF	WCF	FCSF	TMF	Total
Unobligated Balance Beginning	\$230	\$1	\$5	\$—	\$236
Appropriations Received	—	—	150	1,000	1,150
Less Current Year Obligations	86	—	9	—	95
Unobligated Balance Ending	\$144	\$1	\$146	\$1,000	\$1,291

2020	FBF	WCF	FCSF	TMF	Total
Appropriations Received	\$275	\$2	\$18	\$—	\$295
Less Current Year Obligations	45	1	13	—	59
Unobligated Balance Ending	\$230	\$1	\$5	—	\$236

20B. COVID-19 Expenditures

(Dollars in Millions)

2021	FBF	WCF	FCSF	TMF	Total
Contractual Services and Supplies	\$65	\$1	\$5	\$—	\$71
Personnel Compensation and Benefits	10	—	—	—	10
Acquisition of Assets	—	—	4	—	4
Total COVID-19 Expenditures	\$75	\$1	\$9	\$—	\$85

2020	FBF	WCF	FCSF	TMF	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

⁶ Note, the impacts to GSA's assets, liabilities, costs, revenues, net position, and other budgetary resources and expenditures, 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, but 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 or could 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 Consolidating Balance Sheets

Schedule 1

As of September 30, 2021, and September 30, 2020

(Dollars in Millions)

	FEDERAL BUILDINGS FUND		ACQUISITION SERVICES FUND		OTHER FUNDS		LESS INTRA GSA ELIMINATIONS		GSA CONSOLIDATED TOTALS	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
ASSETS:										
Intragovernmental:										
Fund Balance with Treasury (Notes 1-D, 2)	\$13,453	\$12,489	\$1,781	\$1,267	\$2,056	\$887	\$—	\$—	\$17,290	\$14,643
Accounts Receivable, Net (Note 4)	461	506	4,973	3,446	57	66	(39)	(41)	5,452	3,977
Advances and Prepayments	51	90	—	—	3	—	—	—	54	90
Total Intragovernmental	13,965	13,085	6,754	4,713	2,116	953	(39)	(41)	22,796	18,710
With the Public:										
Accounts Receivable, Net (Note 4)	9	6	116	103	13	16	—	—	138	125
General Property, Plant, and Equipment, Net (Notes 1-E, 6)	23,249	23,287	4,039	4,062	9	12	—	—	27,297	27,361
Advances and Prepayments	—	—	14	—	—	—	—	—	14	—
Other Assets (Note 5)	36	36	22	39	—	—	—	—	58	75
Total With the Public	23,294	23,329	4,191	4,204	22	28	—	—	27,507	27,561
TOTAL ASSETS	37,259	36,414	10,945	8,917	2,138	981	(39)	(41)	50,303	46,271
Stewardship PP&E (Note 6-F)										

The accompanying notes are an integral part of these statements.

U.S. General Services Administration

Schedule 1

Consolidating Balance Sheets (continued)

For the Fiscal Years Ended September 30, 2021, and September 30, 2020

(Dollars in Millions)

	FEDERAL BUILDINGS FUND		ACQUISITION SERVICES FUND		OTHER FUNDS		LESS INTRA GSA ELIMINATIONS		GSA CONSOLIDATED TOTALS	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
LIABILITIES:										
Intragovernmental:										
Accounts Payable	1,101	1,131	39	40	41	45	(39)	(41)	1,142	1,175
Advances From Others and Deferred Revenue	—		—	1	45	47	—	—	45	48
Other Liabilities (Note 9)	22	21	13	14	26	60	—	—	61	95
Total Intragovernmental	1,123	1,152	52	55	112	152	(39)	(41)	1,248	1,318
With the Public:										
Accounts Payable	934	1,023	4,524	3,012	8	8	—	—	5,466	4,043
Federal Debt and Interest Payable	661	664	—	—	—	—	—	—	661	664
Federal Employee Benefits Payable	134	132	73	80	71	63	—	—	278	275
Environmental and Disposal Liabilities (Notes 6, 10-B)	1,892	1,917	—	—	20	43	—	—	1,912	1,960
Advances From Others and Deferred Revenue	11	12	—	—	—	—	—	—	11	12
Other Liabilities (Note 9)	714	629	23	22	41	43	—	—	778	694
Total With the Public	4,346	4,377	4,620	3,114	140	157	—	—	9,106	7,648
TOTAL LIABILITIES (Note 11)	5,469	5,529	4,672	3,169	252	309	(39)	(41)	10,354	8,966
Commitments and Contingencies (Note 10)										

The accompanying notes are an integral part of these statements.

U.S. General Services Administration

Schedule 1

Consolidating Balance Sheets (continued)

For the Fiscal Years Ended September 30, 2021, and September 30, 2020

(Dollars in Millions)

	FEDERAL BUILDINGS FUND		ACQUISITION SERVICES FUND		OTHER FUNDS		LESS INTRA GSA ELIMINATIONS		GSA CONSOLIDATED TOTALS	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
NET POSITION:										
Unexpended Appropriations - Funds Other Than Those From Dedicated Collections	405	533	—	—	1,567	400	—	—	1,972	933
Total Unexpended Appropriations	405	533	—	—	1,567	400	—	—	1,972	933
Cumulative Results of Operations - Funds From Dedicated Collections (Note 14)	—	—	—	—	173	138	4	4	177	142
Cumulative Results of Operations - Funds Other Than Those From Dedicated Collections (Note 14)	31,385	30,352	6,273	5,748	146	134	(4)	(4)	37,800	36,230
Total Cumulative Results of Operations	31,385	30,352	6,273	5,748	319	272	—	—	37,977	36,372
TOTAL NET POSITION	31,790	30,885	6,273	5,748	1,886	672	—	—	39,949	37,305
TOTAL LIABILITIES & NET POSITION	\$37,259	\$36,414	\$10,945	\$8,917	\$2,138	\$981	\$(39)	\$(41)	\$50,303	\$46,271

The accompanying notes are an integral part of these statements.

U.S. General Services Administration
Consolidating Statements of Net Cost

Schedule 2

For the Fiscal Years Ended September 30, 2021 and September 30, 2020

(Dollars in Millions)

	2021			2020		
	Revenues	Expenses	Net Revenues from (Cost of) Operations	Revenues	Expenses	Net Revenues from (Cost of) Operations
MANAGE BUILDING OPERATIONS (FEDERAL BUILDINGS FUND)						
Building Operations - Government Owned	\$5,377	\$4,451	\$926	\$5,490	\$4,929	\$561
Building Operations - Leased	6,531	6,679	(148)	6,678	6,803	(125)
Subtotal	11,908	11,130	778	12,168	11,732	436
PROVIDE ACQUISITION SERVICES (ACQUISITION SERVICES FUND)						
General Supplies and Services	1,359	1,360	(1)	1,374	1,372	2
Travel, Transportation, and Logistics	2,195	1,864	331	2,112	1,907	205
Information Technology	1,650	1,560	90	1,837	1,779	58
Assisted Acquisition Services	14,482	14,360	122	11,418	11,339	79
Professional Services and Human Capital	111	99	12	105	89	16
Other Programs	167	256	(89)	142	250	(108)
Subtotal	19,964	19,499	465	16,988	16,736	252
WORKING CAPITAL FUND AND GENERAL PROGRAMS						
Working Capital Fund	701	724	(23)	695	707	(12)
Other General Funds	43	384	(341)	39	363	(324)
Subtotal	744	1,108	(364)	734	1,070	(336)
INTRA-GSA ELIMINATIONS						
Less: Intra-GSA Eliminations	932	968	(36)	925	957	(32)
GSA Consolidated Totals	\$31,684	\$30,769	\$915	\$28,965	\$28,581	\$384

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, 2021 and September 30, 2020

(Dollars in Millions)

	Federal Buildings Fund		Acquisition Services Fund		Other Funds		Less: Intra GSA Eliminations		GSA Consolidated Totals	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
BEGINNING 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 Beginning Balance	30,885	30,092	5,748	5,454	672	662	—	—	37,305	36,208
CHANGES IN UNEXPENDED APPROPRIATIONS										
Appropriations Received	—	275	—	—	1,449	306	—	—	1,449	581
Appropriations Used	(127)	(72)	—	—	(276)	(247)	—	—	(403)	(319)
Appropriations Adjustments and Transfers (To) From Other Agencies or Funds	(1)	(8)	—	—	(6)	(1)	—	—	(7)	(9)
Net Change in Unexpended Appropriations	(128)	195	—	—	1,167	58	—	—	1,039	253
RESULTS OF OPERATIONS										
Net Revenues From (Cost of) Operations	778	436	465	252	(364)	(336)	(36)	(32)	915	384
Appropriations Used (Note 1-C)	127	72	—	—	276	247	—	—	403	319
Non-Exchange Revenue (Notes 1-C, 1-D)	17	1	—	—	79	78	—	—	96	79
Imputed Financing Provided By Others	62	57	42	38	79	33	36	32	147	96
Transfers of Financing Sources (To) From the U.S. Treasury	—	—	(3)	(10)	(7)	(68)	—	—	(10)	(78)
Transfers of Net Assets and Liabilities (To) From Other Federal Agencies	49	32	21	14	—	—	—	—	70	46
Other	—	—	—	—	(16)	(2)	—	—	(16)	(2)
Net Change in Cumulative Results of Operations	1,033	598	525	294	47	(48)	—	—	1,605	844
ENDING BALANCE OF NET POSITION										
Unexpended Appropriations	405	533	—	—	1,567	400	—	—	1,972	933
Cumulative Results of Operations	31,385	30,352	6,273	5,748	319	272	—	—	37,977	36,372
Net Position Ending Balance	\$31,790	\$30,885	\$6,273	\$5,748	\$1,886	\$672	\$—	\$—	\$39,949	\$37,305

The accompanying notes are an integral part of these statements.

U.S. General Services Administration
Combining Statements of Budgetary Resources
 For the Fiscal Years Ended September 30, 2021 and September 30, 2020
(Dollars in Millions)

Schedule 4

	2021		2020		2021		2020	
BUDGETARY RESOURCES								
Unobligated Balance from Prior Year Budget Authority, Net (Note 13)	\$5,330	\$5,598	\$2,676	\$2,069	\$401	\$355	\$8,407	\$8,022
Appropriations	—	275	—	—	1,475	333	1,475	608
Spending Authority from Offsetting Collections	11,057	11,049	20,758	19,884	749	743	32,564	31,676
Total Budgetary Resources	16,387	16,922	23,434	21,953	2,625	1,431	42,446	40,306
STATUS OF BUDGETARY RESOURCES								
New Obligations and Upward Adjustments	11,356	11,706	21,337	20,516	1,068	1,053	33,761	33,275
Unobligated Balance, End of Period								
Apportioned, Unexpired Accounts	4,504	4,611	1,177	1,004	174	164	5,855	5,779
Unapportioned, Unexpired Accounts	527	604	920	433	1,338	168	2,785	1,205
Unexpired Unobligated Balance, End of Period	5,031	5,215	2,097	1,437	1,512	332	8,640	6,984
Expired Unobligated balance, End of Period	—	1	—	—	45	46	45	47
Unobligated Balance, End of Period, Total	5,031	5,216	2,097	1,437	1,557	378	8,685	7,031
Total Status of Budgetary Resources	16,387	16,922	23,434	21,953	2,625	1,431	42,446	40,306
OUTLAYS, NET								
Net Outlays (Receipts) from Operating Activity	(965)	(316)	(517)	(134)	286	252	(1,196)	(198)
Distributed Offsetting Receipts	—	—	—	—	(74)	(67)	(74)	(67)
Total Net Agency Outlays (Receipts)	\$(965)	\$(316)	\$(517)	\$(134)	\$212	\$185	\$(1,270)	\$(265)

The accompanying notes are an integral part of these statements.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Deferred Maintenance and Repairs

The U.S. General Services Administration (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* which states "Deferred maintenance and repairs (DM&R) are maintenance and repairs that were not performed when they should have been or were scheduled to be and which are put off 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 under the jurisdiction, custody or control of the Public Buildings Service. GSA utilizes a Building Assessment Tool (BAT) to determine the total amount of repairs and alterations (R&A) needed to correct major components or system deficiencies in federally 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 2021 and 2020, based on the analysis of the BAT results, GSA estimated the total cost of DM&R to be approximately \$2.59 billion for FY 2021 and \$2.53 billion for FY 2020, 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 2021 BAT data, approximately 71.93 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.

Combining Statement of Budgetary Resources

In its principal financial statements, GSA displays balances for the two major funds (the Federal Buildings Fund 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 75 percent of the total budgetary resources. As these funds are significant components of the total Other Funds budgetary results, below is a schedule showing the activities of WCF, TMF, and Other Funds for the fiscal years ended September 30, 2021, and 2020.

Combining Statement of Budgetary Resources - Other Funds

(Dollars in Millions)

	OTHER FUNDS EXCLUDING WCF AND TMF		WORKING CAPITAL FUND		TECHNOLOGY MODERNIZATION FUND		OTHER FUNDS TOTAL	
	2021	2020	2021	2020	2021	2020	2021	2020
BUDGETARY RESOURCES								
Unobligated Balance from Prior Year Budget Authority, Net	\$168	\$158	\$143	\$141	\$90	\$56	\$401	\$355
Appropriations	450	306	—	2	1,025	25	1,475	333
Spending Authority from Offsetting Collections	42	44	700	693	7	6	749	743
Total Budgetary Resources	660	508	843	836	1,122	87	2,625	1,431
STATUS OF BUDGETARY RESOURCES								
New Obligations and Upward Adjustments	353	337	714	715	1	1	1,068	1,053
Unobligated Balance, End of Period								
Apportioned, Unexpired Accounts	75	68	15	36	84	60	174	164
Unapportioned, Unexpired Accounts	187	57	114	85	1,037	26	1,338	168
Unexpired Unobligated Balance, End of Period	262	125	129	121	1,121	86	1,512	332
Expired Unobligated Balance, End of Period	45	46	—	—	—	—	45	46
Unobligated Balance, End of Period, Total	307	171	129	121	1,121	86	1,557	378
Total Status of Budgetary Resources	660	508	843	836	1,122	87	2,625	1,431
OUTLAYS, NET								
Net Outlays from Operating Activity	299	261	(7)	(3)	(6)	(6)	286	252
Distributed Offsetting Receipts	(74)	(67)	—	—	—	—	(74)	(67)
Total Net Outlays	\$225	\$194	\$(7)	\$(3)	\$(6)	\$(6)	\$212	\$185



Other Information (Unaudited)

INSPECTOR GENERAL'S ASSESSMENT OF MANAGEMENT CHALLENGES



U.S. General Services Administration
Office of Inspector General

October 15, 2021

TO: ROBIN CARNAHAN
ADMINISTRATOR (A)

FROM: CAROL F. OCHOA OCHOA
INSPECTOR GENERAL (J)

Digitally signed by
CAROL F. OCHOA
Date: 2021.10.15
10:06:42 -0400'

SUBJECT: Assessment of GSA's Management and Performance Challenges for Fiscal Year 2022

As required by the Reports Consolidation Act of 2000, Public Law 106-531, we have prepared for inclusion in the Fiscal Year 2021 Agency Financial Report the attached assessment summarizing what we consider to be the most significant management and performance challenges facing GSA in Fiscal Year 2022.

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. Managing Agency Cybersecurity Risks;
6. Safeguarding Federal Facilities and Providing a Secure Work Environment;
7. Managing Presidential Initiatives; and
8. 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

GSA'S MANAGEMENT AND PERFORMANCE CHALLENGES FOR FISCAL YEAR 2022 OFFICE OF INSPECTOR GENERAL

Challenge 1: Establishing and Maintaining an Effective Internal Control Environment

The U.S. General Services Administration (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 U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government*. However, we remain concerned about GSA's control environment. During Fiscal Year (FY) 2021, our long-standing concerns were amplified by GSA's efforts to interfere with our oversight activities.

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

Since our *Assessment of GSA's Management and Performance Challenges for Fiscal Year 2019*, we have cited pervasive internal control weaknesses as a challenge for GSA. As described in the examples below, this trend continued in FY 2021.

- In February 2021, we reported that GSA’s Insider Threat Program (ITP) is not effectively carrying out its mission because it did not consistently collaborate across GSA to proactively prevent, detect, mitigate, and identify insider threats.¹ For example, the ITP is unaware of and does not monitor insider threat risks from employees who receive termination proposals but retain access to GSA systems and facilities.

We also found that the ITP did not effectively monitor insider threat risks related to separated and terminated employees. GSA faces heightened insider threat risks from these employees because it does not consistently deactivate their information technology (IT) accounts and recover and destroy Personal Identity Verification (PIV) cards within required time frames.

Taken together, these deficiencies expose GSA information to theft or loss, facilities to damage, and personnel to actual or threatened harm; and create gaps that can be exploited in other ways to undermine GSA’s ability to effectively carry out its operations.

- In May 2021, we reported that the Public Buildings Service (PBS) National Capital Region (NCR) failed to manage and oversee buildings services at the Food and Drug Administration’s (FDA’s) White Oak Campus in Silver Spring, Maryland.² The report included eight findings identifying serious deficiencies in internal controls. Among other things, we reported that PBS NCR is not enforcing the requirements of the Energy Savings Performance Contract (ESPC) task order at the campus. As a result, PBS NCR has no assurance that the contract is achieving the guaranteed cost savings needed to fund the \$1.2 billion contract.

We also reported that, due to mismanagement and lack of oversight of the after-hours operations and maintenance (O&M) services, PBS NCR is charging FDA for overpriced services that are not being provided. Additionally, PBS NCR’s lack of effective management and oversight also resulted in deficiencies in campus security; breakdowns in fire, life, and safety services; and the improper destruction of contract file documentation.

Finally, our report identified a breakdown in internal control that allowed for the circumvention of federal contract competition requirements. During our audit, we found that PBS NCR improperly provided the O&M contractor with the “right of first refusal” for all O&M work on the campus. However, in accordance with the Competition in Contracting Act of 1984 and the competition requirements established in the Federal

¹ *Audit of GSA’s Insider Threat Program* (Report Number A190016/I/T/F21002, February 17, 2021).

² *PBS’s National Capital Region is Failing to Adequately Manage and Oversee the Building Services Contracts at the FDA’s White Oak Campus* (Report Number A190021/P/5/R21003, May 17, 2021).

Acquisition Regulation (FAR), there is no principle of “right of first refusal” requiring GSA to offer the incumbent contractor new work before seeking proposals from other firms.

Accordingly, PBS NCR’s use of the “right of first refusal” is improper and violates federal competition requirements. It is also a pervasive problem for task order awards at the White Oak campus, which we identified in a prior audit.³ Although we brought this issue to PBS management’s attention, PBS NCR refused to take corrective action—a decision that was ultimately upheld by GSA’s former Deputy Administrator. The persistent use of the “right of first refusal” points to a failure of internal control that must be addressed by PBS NCR with support from GSA’s senior leadership.

Interference with Audit Oversight

Since we first identified internal control weaknesses as a major management challenge in FY 2018, GSA management has frequently described its actions taken to improve its overall control environment. Among other things, GSA has highlighted its implementation of mandatory internal control training for all Agency employees, heightened focus on audit resolution, and establishment of an internal control working group designed to examine audit findings and develop corrective actions from an Agency-wide perspective.

However, during FY 2021, we reported that GSA was actively engaged in efforts to interfere with our audit oversight of its response to the Coronavirus Disease 2019 (COVID-19) pandemic. These efforts contradict GSA’s stated emphasis on improving its internal control environment.

In January 2021, we issued an alert memorandum notifying GSA that its centralized review and approval process of all audit inquiries into its COVID-19 activities compromised the integrity of information provided by GSA personnel.⁴ This process caused frequent and unnecessary delays, and likely had a chilling effect on PBS employees’ responses. As a result of these efforts, the audit team had little assurance that the responses provided to our inquiries were complete, accurate, and reliable. Additionally, we found that GSA attempted to restrict and limit the audit team’s access to information and resources. Taken together, these actions impeded the audit team’s ability to identify areas of GSA’s COVID-19 pandemic response that should be improved to protect the health of GSA’s tenants, employees, contractors, and visitors.

In February 2021, GSA notified us that it ceased the centralized review of GSA personnel’s responses to our oversight requests. Nonetheless, GSA’s prior efforts to impede our oversight forced the audit team to conduct additional procedures to confirm that the evidence collected during the course of our audit was sufficient and appropriate. As a result, the audit team was

³ *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).

⁴ *Alert Memorandum: GSA Is Impeding Oversight of Its COVID-19 Activities* (Memorandum Number A201018-4, January 15, 2021).

compelled to spend additional time performing these procedures, thereby delaying our report—which provided critical information on GSA management’s response to the ongoing pandemic—until August 2021.⁵

In sum, 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 and proactive 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 awards contracts annually for the procurement of billions of dollars of products, services, and facilities for federal government agencies. After GSA awards a contract, its work turns to contract administration. Contract administration includes monitoring contractor performance against contract terms, reviewing and approving requests for payment, addressing change orders, and closing out contracts. As noted in our *Assessment of GSA’s Management and Performance Challenges for FY 2021*, we continue to find weaknesses in GSA’s contract administration, across business lines and contract types.

GSA has taken action to improve contract administration by strengthening policy, addressing performance and training needs of contracting staff, and implementing contract administration process improvements. However, additional action is needed as we continue to identify deficiencies in GSA’s contract administration practices.

In FY 2021, 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 April 2021, we issued an audit report on PBS NCR’s award and administration of a contract to replace three cooling towers at the Federal Bureau of Prisons headquarters building in Washington, D.C.⁶ We found PBS NCR did not award and administer the contract in accordance with FAR and GSA policies. Additionally, PBS NCR did not maintain contract documentation as required, did not follow an internal policy related to staff transitions, and inaccurately reported data on the contract in the Federal Procurement Data System-Next Generation.

⁵ *PBS Did Not Always Follow CDC and Internal Guidance to Limit the Risk of COVID-19 Exposure* (Report Number A201018/P/4/R21005, August 26, 2021).

⁶ *Audit of PBS Basic Repairs and Alterations Project: Federal Bureau of Prisons Headquarters* (Report Number A200976/P/R/R21002, April 21, 2021).

- In September 2021, we issued an audit report on mismanagement of O&M contracts in PBS's Northeast and Caribbean Region (PBS Region 2).⁷ In response to an anonymous hotline complaint, we reviewed PBS Region 2's administration of its O&M contracts and found that PBS Region 2 is not effectively overseeing contractor performance on its O&M contracts. As a result, PBS Region 2 does not have assurance that O&M contractors are providing the services required under their contracts.

Inspections are required to oversee O&M contractors and ensure they are performing their responsibilities under the contract. However, PBS Region 2 contracting personnel either did not inspect the contractors' work or did not perform the inspections properly. Further, PBS Region 2 preventative maintenance records did not always include required information necessary to oversee the O&M contractors' performance.

- In September 2021, we issued an audit report on the GSA Federal Acquisition Service's (FAS's) oversight of the security and contract requirements for the USAccess identity and credential management services contract.⁸ Our audit found that the USAccess Managed Services Office (MSO), which resides within FAS, in concert with GSA's Office of the Chief Information Security Officer, failed to ensure USAccess IT security vulnerabilities were remediated within the required time frame and permitted the USAccess system to operate in violation of GSA IT Security Policy for more than a year.

Additionally, the MSO has not effectively held the USAccess contractor accountable for key IT-security-related performance requirements. The MSO has also displayed insufficient oversight, management, and rigor in developing contract terms. Finally, MSO personnel lack clarity regarding personnel security and other security-related roles, responsibilities, and requirements. As a result, MSO personnel have displayed ongoing confusion and misperceptions about contract requirements.

Taken together, these examples demonstrate that GSA needs to address challenges in how it oversees its contracts. 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

GSA continues to set the strategic goal to establish itself as the premier provider of efficient and effective acquisition solutions across the federal government in FY 2022. As an integral part

⁷ *PBS's Northeast and Caribbean Region is Not Effectively Overseeing its Operations and Maintenance Contracts* (Report Number A201046/P/2/R21007, September 24, 2021).

⁸ *FAS's Inadequate Oversight of Contractual and Security Requirements Places the USAccess Program at Risk* (Report Number A190067/Q/T/P21003, September 24, 2021).

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);
- Supply chain risk management;
- Implementing unpriced contracts;
- Implementing procurement through commercial e-commerce portals; and
- Leading the transition to the Enterprise Infrastructure Solutions (EIS) contract.

While the above initiatives are intended to help FAS meet GSA's strategic goal and ensure compliance with recent legislation, the initiatives also significantly change FAS's processes and programs, creating challenges to FAS's ability to meet its mission.

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 automating pricing tools. 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. With an intended goal of reducing duplication of services, products, and solutions across multiple acquisition centers, FAS is continuing to consolidate all of its schedules into a single, all-encompassing GSA schedule. At the start of FY 2020, FAS began the consolidation process for new schedule offers, followed by an ongoing conversion of existing schedule contracts that it estimates will take at least 5 years. The expected goal of the consolidation is to reduce the administrative and contractual burden of maintaining multiple contracts and allow schedule contractors to provide "total solutions" without maintaining multiple schedule contracts. Associated challenges include ensuring each surviving consolidated contract is: (1) assigned to an acquisition center with the expertise to administer it properly and (2) evaluated and negotiated in accordance with federal regulations and GSA internal policies. As the consolidation continues through its final phase, which is expected to take multiple years, FAS continues to work through the challenges created by transforming a program as large as the Schedules Program.

Pricing for Schedule Contracts. FAS has been changing how it determines fair and reasonable pricing for its schedule contracts. Until recently, FAS negotiated pricing for schedule contracts to achieve the contractors' "most favored customer" pricing and discounts under similar conditions based on its commercial sales. However, FAS has steadily moved away from using commercially comparable pricing and instead has taken steps to base its schedule pricing on government contracts for similar items.

In particular, in June 2016, FAS implemented the TDR pilot, with the stated intent to improve taxpayer value by using pricing from prior government procurements as the basis for determining fair and reasonable pricing. When contractors elect to participate in the TDR pilot, they are no longer required to provide Commercial Sales Practices information. Instead, prices are evaluated by prioritizing the use of information that is readily available, including prices-paid information, contract-level pricing information from other schedules and government-wide contract vehicles for same or similar items, and commercial data sources.

In June 2021, we reported that the TDR pilot has yet to accomplish its intended purpose of improving taxpayer value.⁹ Specifically, we found that the TDR data is inaccurate and unreliable, introducing additional risks associated with the potential use of this data. In her November 15, 2019, *Response to OIG's Assessment of GSA's Management and Performance Challenges, Fiscal Year 2020*, then-GSA Administrator Emily Murphy acknowledged ongoing data quality issues. Similarly, the GSA Senior Procurement Executive's evaluation of FY 2020 performance states, "FAS is waiting for a level of data maturity to provide official policy related to the use of the data."

Nonetheless, GSA extended the TDR pilot through FY 2021 and the GSA Senior Procurement Executive has authorized FAS to consider expanding the pilot. Until GSA restricts access to the TDR data, or the TDR data becomes accurate for procurement decisions, GSA is challenged to ensure that decisions being made using this data, whether at the contractual level or at an aggregate level, are not negatively affected by the data's shortcomings. Use of the inaccurate and unreliable data could skew product or price comparisons and lead to erroneous conclusions and flawed decisions based upon the data.

In our June 2021 report, we also found that FAS contracting personnel are not using the TDR data to make decision that affect pricing. Instead, FAS contracting personnel largely relied on pricing tools, such as the Contract-Awarded Labor Category Tool on services contracts and the Price Point Plus Portal Tool on products contracts, to make determinations regarding fair and reasonable pricing. These automated pricing tools provide pricing data from government contracts for similar items.

However, pricing determinations based on this government-only comparison conflict with FAS's objective of negotiating and awarding pricing that results in "most favored customer" status. Achieving "most favored customer" pricing is the basis for how schedule contracts comply with the Competition in Contracting Act of 1984, which requires schedule contract pricing to result in the lowest overall cost alternative. In addition, we found that when contracting officers rely on automated pricing tools for pricing determinations, FAS has not been able to ensure that: (1) contracting officers' use of the tools is compliant with federal regulations, FAS pricing policies, and the intent of the Schedules Program; (2) the data within the tools is accurate and reliable;

⁹ *GSA's Transactional Data Reporting Pilot Is Not Used to Affect Pricing Decisions* (Report Number A140143/Q/6/P21002, June 24, 2021).

and (3) contracting officers are documenting their price analyses in accordance with federal regulations and FAS policy.

Ultimately, due to these issues, we recommended in our June 2021 report that FAS end the TDR pilot. A decision to allow the TDR pilot to continue or expand despite the challenges FAS has failed to overcome in the pilot to date will negatively affect contracting officers' ability to achieve fair and reasonable pricing that results in the lowest overall cost alternative for the government.

Supply Chain Risk Management

Section 889, Part A, of the FY 2019 National Defense Authorization Act (NDAA), *Prohibition on certain telecommunications and video surveillance services or equipment*, 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, of the FY 2019 NDAA, 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, of the FY 2019 NDAA, GSA is challenged with identifying prohibited telecom companies and contractors that should be removed from government-wide contracts.

While GSA has spent significant effort to educate contractors and its workforce about the supply chain threat posed by the prohibited telecom companies, the Agency will remain challenged in implementing Parts A and B of Section 889. The volume of information technology category products available through GSA contracts and online marketplaces is enormous, and detecting nonconforming products is resource-intensive. GSA relies heavily on assertions by the contractors themselves that their products conform to the acquisition regulations, including Section 889.

Highlighting this problem, one recent GSA OIG investigation resulted in a company and seven of its employees being charged with selling Chinese-made surveillance equipment with known cybersecurity vulnerabilities to U.S. government customers who installed them in sensitive facilities. According to the criminal complaint, the company made over \$20 million in federal sales and falsely claimed its products were manufactured at its headquarters in the United States when, in fact, they were made primarily in China. This scheme may have been discovered sooner had GSA performed an onsite visit of the company's purported U.S. manufacturing location. GSA must remain vigilant in prioritizing, developing, and implementing effective supply chain risk management policies, procedures, and practices to prevent and address a compromise of the government supply chain.

Implementing Unpriced Contracts

Section 876 of the FY 2019 NDAA, *Increasing competition at the task order level*, allows for pricing of GSA schedule labor categories to be established at the task order level through competition requirements, rather than at the overall contract level. Section 876 provides that, when issuing a solicitation, GSA would have the discretion not to include price or cost as an evaluation criterion for contract award. While supporters in the contract community have promoted this as a way to streamline the procurement process and enhance competition, the establishment of “unpriced” schedule contracts would present a challenge to GSA as it could undermine the basic premise of the Schedules Program and risk taxpayer dollars. GSA is expected to make a definitive decision on implementation of unpriced services related to the Schedules Program in early FY 2022.

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 August 2020, FAS launched a 3-year preliminary test, which FAS calls a proof of concept, with three e-marketplace portal providers.¹⁰ As of June 2021, FAS reported \$3.5 million in sales across these three portals. FAS expects sales to reach \$50 million in FY 2022.

The government-wide implementation of commercial 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. FAS’s key performance indicators are categorized into modernize, streamline, analyze, and operate. Our past audit work found it is critical that FAS ensure the e-commerce metrics are well-defined and the underlying data is available, accurate, and reliable for use in and evaluation of the proof of concept.¹¹
- *Protecting the supply chain.* As stated previously in this challenge, supply chain risk management is a focus in federal requirements. A January 24, 2020, U.S. Department of Homeland Security report highlighted how easily counterfeit and pirated goods can be sold through e-commerce platforms.¹² The report heightened attention to

¹⁰ The three portals are Amazon Business, Fisher Scientific, and Overstock.com.

¹¹ *Audit of Transactional Data Reporting Pilot Evaluation Plan and Metrics* (Report Number A140143/Q/T/P18004, July 25, 2018).

¹² U.S. Department of Homeland Security report, *Combating Trafficking in Counterfeit and Pirated Goods*.

counterfeiting and supply chain risk in e-commerce acquisitions. In addition, FAS program personnel expressed difficulty implementing Part B of Section 889 of the FY 2019 NDAA because each agency is to define how to implement this requirement for micro-purchases.¹³ With sales expected to grow within the next year, FAS will need to increase its monitoring effort in order to manage the risks involved with the supply chain.

- *Use of e-commerce portal data.* To address concerns from users and third-party vendors about the portal providers' use of purchase data, FAS incorporated the data protection requirements of Section 838 of the FY 2019 NDAA, *Modifications to procurement through commercial e-commerce portals*, into the e-commerce portal solicitation. These requirements prohibit portal providers from providing government sales data to third-party vendors to market or price their own goods. In addition, the solicitation specified 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 data collected by portal providers.
- *Impact on existing acquisition programs.* FAS must monitor and assess the effects of the e-commerce portals on its existing acquisition programs. While FAS's goal for the e-commerce program is to capture micro-purchase open market spending, it is possible that the portals could have unintended negative consequences for other acquisition programs.¹⁴ For example, purchases through these portals cannot exceed the \$10,000 micro-purchase threshold; therefore, the Trade Agreements Act does not apply. This could economically incentivize suppliers to choose the commercial e-commerce portals over FAS's Schedules Program, which must comply with the Trade Agreements Act. FAS will need to assess how the e-commerce program will impact its other contracting programs.

FAS must consider these challenges and remain vigilant in monitoring the unintended consequences of implementing the commercial e-commerce portals. As the proof of concept enters its second to last year, FAS officials must begin to contemplate if and how this program is made permanent. FAS must also consider how e-commerce affects its other purchasing programs and how to structure the program to adopt evolving e-commerce offerings.

¹³ A micro-purchase is an acquisition of supplies or services using simplified acquisition procedures below an established dollar threshold.

¹⁴ Open market spending is the purchase of items outside of a government contract vehicle, such as the GSA schedules, blanket purchase agreements, etc.

Leading the Transition to the Enterprise Infrastructure Solutions Contract

FAS is leading the government-wide transition from the expiring Networkx telecommunications and 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.¹⁵

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 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. As a result, in December 2018, FAS announced that it was extending the legacy contracts and the transition deadline by 3 years to May 2023 to allow more time for transition execution.

Despite the extension, interim transition deadlines continue to pass without much progress. The most recent deadline was for customer agencies to have completed 50 percent of their transitions—as measured by disconnections—by March 31, 2021. However, only 18 percent of customer agencies met that deadline.

In March 2020, FAS issued a *Project Plan for Closeout of EIS Transition* to mitigate risk and enforce the eligibility conditions for continued use of the extended Networkx contracts. The plan's goal is to ensure all services disconnect from the Networkx contracts by May 2023. In May 2021, FAS made two notable revisions to the *Project Plan for Closeout of EIS Transition*. First, in FY 2022, FAS will no longer accept any modifications—without exception—to the expiring contracts. Second, when multiple agencies failed to make adequate transition progress, FAS adjusted its phased approach to limit the use of the Networkx contracts by removing agencies that did not meet critical milestones from the Networkx Authorized Users List.

As FAS tracks agencies' progress, it will know which agencies are at risk of not completing transition by the deadline. FAS stated that under "extreme circumstances," it may approve a limited number of agencies to use an "Emergency Action Period" that would allow use of the expiring Networkx contracts from October 1, 2022, to May 31, 2023. FAS provided customer agencies with four acquisition strategy options to mitigate the risk of service disruption if services do not fully transition 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, such as revising the

¹⁵ American Technology Council's *Report to the President on Federal IT Modernization* (December 13, 2017).

Networkx Authorized User List removal phases. FAS must continue to assess and adjust its efforts to support the timely transition in order to realize EIS's potential cost savings and to reduce the expense of administering both contracts simultaneously.

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, reduce leasing costs, and meet O&M needs of increasingly aging buildings. Further, GSA must properly administer the capital construction program and ensure effective management of energy and utility contracts.

Reducing and Consolidating Space

In FY 2022, PBS must continue to maximize the performance of its real property inventory in order to save taxpayer money. To achieve this goal, PBS's strategic objectives in its *Annual Performance Plan* include a focus on reducing vacant space in inventory and footprint optimization.

For FY 2022, PBS projects that its overall portfolio will consist of more than 8,800 owned and leased assets with a total rentable workspace of 370 million square feet. As part of its plans to drive savings across the federal government, PBS has emphasized reductions to the leased space in PBS's portfolio. PBS intends to continue these space reduction efforts through optimization of the federally owned real property inventory and pursuit of consolidation opportunities within the leased inventory, emphasizing higher utilization rates.

However, uncertain future space requirements and the implementation of more liberal work-from-home policies will challenge PBS's ability to maximize the performance of its real property inventory. Accordingly, PBS will need to work closely with customer agencies to adjust to evolving space requirements. For example, PBS officials in the Rocky Mountain Region stated that PBS may be downsizing space and increasing lease buyouts post-COVID-19 due to increased telework. Also, PBS NCR officials expressed concern that agencies may seek reductions to their space in federally owned buildings as they increase telework and use less space. While PBS is aware of challenges stemming from reduced space requirements, officials told us that agencies are currently unwilling to make those decisions because they do not know what their post-COVID-19 environment will look like.

As part of its FY 2022 planning efforts, PBS stated that it is identifying consolidation opportunities within its real property inventory. PBS will identify opportunities through surveys and studies, partnering with customer agencies, and through Agency initiatives. Projects selected will vary in size by location and agency mission and operations; no single project will

exceed \$20 million in GSA costs. PBS continues to favor an office utilization rate of 130 usable square feet per person or less and a total project payback period of 10 years or less.

In FY 2014, PBS implemented its Consolidation Activities special emphasis program, aimed at helping agencies reduce their reliance on costly leased space to meet long-term housing requirements by developing strategies to use space more efficiently and maximize use of the existing federally owned inventory. According to PBS, GSA has received \$296 million in support of the Consolidation Activities program since its inception in FY 2014; through FY 2019, that support has funded 81 projects. However, since FY 2019, PBS has not received its requested funding of \$195 million for its Consolidation Activities program. Without funding for the Consolidation Activities program, PBS faces a host of challenges as it implements initiatives and works to obtain the desired reductions in space.

Reducing Leasing Costs

PBS is focused on achieving taxpayer savings by establishing longer firm-term leases, negotiating favorable rates, reducing rentable square feet, and utilizing GSA's Total Workplace program. The PBS Office of Leasing wants to get more favorable rates with long-term leases, but a longer-term lease has a higher chance that the lessee might want to leave before the lease is up, which would potentially cost GSA money. According to GSA's *FY 2022 Congressional Justification*, approximately 45 percent of PBS's leases will expire by FY 2026.

In FY 2018, PBS initiated its *Lease Cost Avoidance Plan* to replace leases and restructure the PBS lease portfolio, with a goal of \$4.7 billion in savings. The plan consists of three elements:

- Replace expiring leases with leases for less square footage through space consolidations and moves to federally owned space;
- Achieve savings through replacing at least 80 percent of expiring/short-term leases with long-term leases; and
- Ensure that occupant agencies are provided flexible lease solutions at more efficient sizes to accommodate agencies' future space requirements.

In FY 2019, this approach was incorporated into PBS's *Real Estate Investment and Savings Strategy*. In FY 2020, the expansion of telework due to the onset of the COVID-19 pandemic created a challenge for PBS to examine additional leasing strategies. The future state of GSA's lease portfolio will be shaped by how agencies plan to return to workspaces. GSA anticipates further potential reductions in space as agencies' expansion of maximum telework could reduce the demand for federal real estate.

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 implementing these steps and using the simplified lease process it established to more quickly award small and less-

complicated leases.^{16,17} 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 leasing process have contributed to delays in lease actions and increased the likelihood that PBS will have to enter into costly extensions or holdovers.

In our *Assessment of GSA's Management and Performance Challenges for FY 2021*, we noted issues in GSA's management of leases. In response, PBS stated that it implemented robotic process automation in the leasing program, which it estimates will save 10,000 labor hours by standardizing processes.¹⁸ PBS stated that robotic process automation was implemented to increase capacity that can be redirected to higher-value work.

Moreover, according to PBS, it has divided contract administration into three zonal centers of expertise, resulting in streamlined operations and improved accuracy and timeliness of lease payment processing. Additionally, PBS created a new Simplified Lease Acquisition Template model. The new model minimizes the level of effort required to complete smaller acquisitions. PBS has continued to limit the level of lease holdovers to 1 percent or less, showing no increase relative to the overall size of the portfolio.

Notwithstanding these new processes and the streamlined operations, GSA may be faced with a lower demand for space and potential lease cancellations due to the expansion of telework. Uncertainties in leasing related to the COVID-19 pandemic will only increase the challenges already facing PBS in reducing leasing costs.

Meeting the Operations and Maintenance Needs of Federal Buildings

PBS's management of building operations includes overseeing O&M and repair of federally owned facilities. O&M costs cover maintaining mechanical, electrical, plumbing, and other building control systems, and performing repairs. In FY 2020, PBS's portfolio included over 1,600 federally owned assets with approximately 183 million square feet of owned space. The average age of GSA buildings is 49 years old. PBS's increasing deferred maintenance backlog and recent Office of Inspector General audit findings on weaknesses in PBS's oversight of its O&M management demonstrate that PBS continues to face significant challenges to meet its O&M needs.

¹⁶ *Audit of PBS's Lease Extensions and Holdovers* (Report Number A190033/P/R/R20007, June 22, 2020).

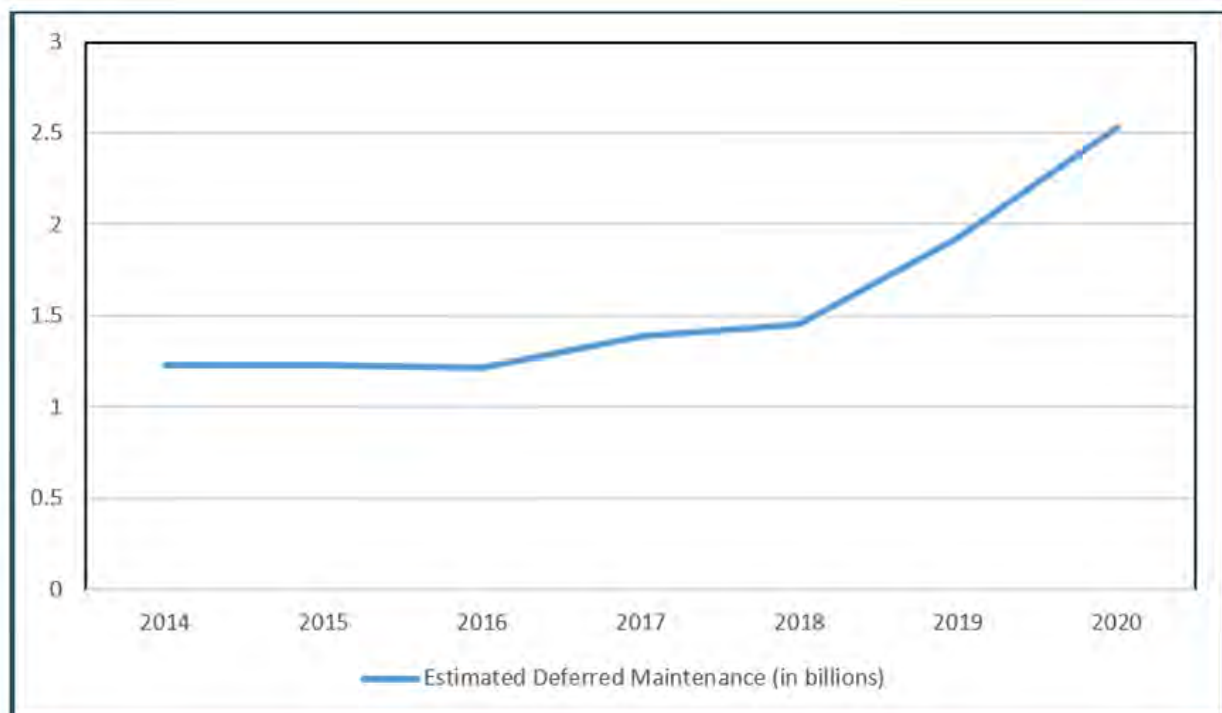
¹⁷ A holdover is created when the tenant agency continues to occupy the space beyond the expiration date of the lease term despite the government having no contractual right to occupy the space. The holdover allows the tenant agency to remain in the space while PBS seeks a long-term solution.

¹⁸ Robotic process automation is a business process technology that automates manual tasks that are largely rules-based, structured, and repetitive using software robots, also known as bots. Robotic process automation tools map a process for a bot to follow, which allows the bot to operate in place of a human.

Deferred maintenance is defined as maintenance and repairs that are not performed when scheduled or delayed for a future period. These are activities categorized as preventive maintenance; replacement of parts, systems, or components; and other activities needing to be performed immediately to restore or maintain the building inventory in an acceptable condition.

As shown in *Figure 1*, GSA has reported steadily rising estimated deferred maintenance costs since FY 2016. In its *2020 Agency Financial Report*, GSA reported approximately \$2.53 billion in total estimated costs of deferred maintenance and repairs (deferred maintenance) for its building inventory. This was a 31 percent increase from FY 2019 and a 106 percent increase from FY 2014.

Figure 1 – GSA’s Estimated Deferred Maintenance Costs, Fiscal Years 2014–2020



In accordance with 40 U.S.C. 592, PBS funds its repair needs and all of its real property activities through the Federal Buildings Fund. The Federal Buildings Fund operates as a revolving fund, whereby building operation expenditures are financed through fund deposits; however, unlike typical revolving funds, it is subject to annual enactment of new obligational authority by Congress. As part of the annual appropriations process, Congress authorizes Federal Buildings Fund funding for GSA’s operations and repair and alterations functions. Since FY 2015, GSA has received approximately 62 percent of its requests for new obligational authority for funding of minor and major repairs and alterations, on average.

In a September 2021 audit of the PBS O&M program's effectiveness in managing deferred maintenance, we found that the accuracy of GSA's reported deferred maintenance cost estimate is affected by data shortcomings and errors¹⁹ Specifically, estimates generated by PBS's Building Assessment Tool, which are used to report GSA's estimated deferred maintenance, are inaccurate and include duplicative estimate costs. In addition, we found that while PBS does have a national maintenance strategy associated with its Capital Investment and Leasing Program, this strategy has not been effective to reduce its deferred maintenance backlog.

As a result, PBS is vulnerable to rising maintenance and repair costs and an increased risk of building system failure, accelerated deterioration of systems and structures, and potential life safety hazards. In order to properly address its challenge of ever-increasing O&M deferred maintenance, PBS needs to improve its national strategy to place a greater emphasis on its growing list of immediate liabilities by prioritizing O&M projects to reduce them from the backlog.

PBS has previously identified contract administration inconsistencies in its inspection processes of these systems throughout its service centers. In our *Assessment of GSA's Management and Performance Challenges for FY 2021*, we identified O&M as a management challenge. In response, PBS stated that it was "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."

However, recent audits have identified issues with the oversight and management of O&M contracts. For example, in September 2021, we reported on mismanagement of O&M contracts in northern New Jersey and Manhattan, New York.²⁰ We initiated the audit in response to an anonymous hotline complaint about PBS Region 2's management of its O&M contracts.

We found that PBS Region 2 was not effectively overseeing contractor performance on its O&M contracts. As a result, PBS Region 2 does not have assurance that O&M contractors are providing the services required under their contracts. Inspections are required to oversee O&M contractors and ensure they are performing their responsibilities under the contract. However, PBS Region 2 contracting personnel either did not inspect the contractors' work or did not perform the inspections properly. In addition, PBS Region 2 preventative maintenance records did not always include required information necessary to oversee the O&M contractors' performance.

¹⁹ *Audit of the Public Buildings Service's Effectiveness in Managing Deferred Maintenance* (Report Number A190066/P/2/R21009, September 30, 2021).

²⁰ *PBS's Northeast and Caribbean Region is Not Effectively Overseeing its Operations and Maintenance Contracts* (Report Number A201046/P/2/R21007, September 24, 2021).

We also found similar issues on a Region 2 repair and alteration project. In June 2021, we issued an audit report on PBS Region 2's \$1.8 million basic repairs and alterations project to upgrade three passenger elevators at the United States Court of International Trade building in New York, New York.²¹ We found that PBS Region 2 did not award and administer the project contract in accordance with applicable regulations and GSA policies. Although these deficiencies in contract award and administration did not adversely affect the project, they could have caused project delays and potential claims.

In sum, PBS's costs for deferred maintenance for its O&M expenses have increased year over year and the availability of congressionally approved funding remains at an average of approximately 62 percent. PBS's increasing deferred maintenance backlog, and the weaknesses in its oversight and management of its O&M contracts highlighted by our recent audit findings, demonstrate that PBS continues to face significant challenges to meet and manage its O&M needs.

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 other capital construction projects, from pre-planning through commissioning.²² As of August 2021, PBS had \$11.5 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 (i.e., construction managers). 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. In response to our *Assessment of GSA's Management and Performance Challenges for FY 2021*, PBS stated that it had established several internal controls to assist in construction management and enable proper oversight of construction manager activities.

Construction Management Services. PBS requires the use of construction managers for its capital construction projects. Construction managers are private firms that act as advisors or consultants to PBS during the execution of 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.

²¹ *Audit of PBS Basic Repairs and Alterations Project: United States Court of International Trade Building* (Report Number A200976/P/2/R21004, June 17, 2021).

²² Capital construction projects are projects that exceed the prospectus threshold, currently \$3.095 million, and require congressional approval.

In a recent audit of PBS's use of construction management services, we found that PBS has become excessively reliant on construction managers.²³ 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 sizeable construction workload, PBS relies 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 and followed to prevent construction managers from performing inherently governmental functions and that steps are taken to eliminate or mitigate potential conflicts of interest. PBS must also focus on hiring and retaining staff with the necessary skills to perform critical functions, especially given the number of PBS employees in mission-critical roles who will be retirement-eligible in the near future.

Construction Manager as Constructor Contracts. The CMc is a project delivery method that 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.

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 General Services Administration Acquisition Regulation (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.

Despite the 2011 CMc policy and subsequent class deviation and GSAR policy, PBS continues to have problems using the CMc methodology. 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;

²³ *Audit of the GSA Public Buildings Service's Use of Construction Management Services* (Report Number A150028/P/4/R20009, September 4, 2020).

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, and must be addressed to avoid overpayment on current and future CMc contracts.

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

Between December 2010 and June 2021, PBS awarded over \$2.3 billion in ESPCs and Utility Energy Service Contracts (UESCs). However, ESPCs and UESCs are high-risk areas, 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 general, the cost of ESPCs and UESCs are greater than an upfront purchase because of the long-term financing for the project. As a result, the realized savings from the projects must be sufficient to fund the payments to the contractors; otherwise the benefit of using the ESPC or UESC is lost.

However, PBS Facilities Management Service Program officials have previously expressed their 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 O&M costs in the contracts. O&M and other energy-related cost savings, defined as reductions in expenses (other than energy cost savings) that are related to energy- and water-consuming equipment are generally allowable in ESPCs. PBS officials stated they centralized the ESPC program within the Office of Facilities Management in 2018 and hoped that would reduce the number of issues with the contracts.

These concerns, coupled with the complex nature of ESPC contracts, demand robust management oversight. Nonetheless, we continue to find issues with PBS's management of ESPC contracts, as noted below.

In a March 2020 audit of ESPCs, we identified a number of challenges.²⁴ We found that PBS:

- Did not realize enough energy savings to fully fund payments for the projects;
- Could not demonstrate that projects were meeting their O&M 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.

Our May 2021 audit of contracting issues at FDA's White Oak campus in PBS NCR noted additional challenges.²⁵ Among other things, we found that:

- PBS is not enforcing requirements of the ESPC task order. As a result, PBS has no assurance that the contract is achieving the guaranteed cost savings needed to fund the \$1.2 billion contract and is planning to pay for repairs that are the contractor's responsibility; and
- Due to mismanagement and lack of oversight of the after-hours O&M services, PBS is charging FDA for overpriced services that are not being provided.

Likewise, UESCs also present a number of challenges for PBS. One of the primary risks involved with UESCs is the limited number of utility companies available to compete for such contracts. Further, UESCs may be awarded as sole-source contracts. These circumstances lead to limited competition, potentially limiting the energy savings. Finally, there is no statutory requirement for annual measurement and verification of the energy, water, or cost savings, or a contractual guarantee of those savings. With no mandated savings guarantee, the cost effectiveness of the UESC must be carefully established and maintained.

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 long-term savings. PBS has spent time and energy establishing UESCs and has instituted a memorandum of understanding with GSA's Acquisition Management Division designed to improve oversight of these contracts. Nonetheless, PBS must ensure that sufficient controls are in place to ensure that risks are addressed and mitigated.

In response to our identification of ESPCs and UESCs as management challenges in our *Assessment of GSA's Management and Performance Challenges for FY 2021*, PBS noted corrective actions it has taken to address this challenge. For example, PBS stated that in January

²⁴ *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).

²⁵ *PBS's National Capital Region is Failing to Adequately Manage and Oversee the Building Services Contracts at the FDA's White Oak Campus* (Report Number A190021/P/5/R21003, May 17, 2021).

2018, it issued a memorandum addressing O&M savings and inadequate witnessing.²⁶ PBS also stated that it is 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. Finally, PBS stated that it is also in the process of strengthening guidance and controls for UESCs.

Notwithstanding PBS's actions taken to address deficiencies in ESPC contracting, our audits continue to find issues with PBS's administration of ESPC contracts. PBS officials should ensure that the award and administration of these unique contract vehicles realize the contracted energy and cost savings; otherwise, these projects will increase PBS's costs instead of providing the savings needed to fund the projects.

Challenge 5: Managing Agency Cybersecurity Risks

Like all federal agencies, GSA is dependent upon IT to fulfill its mission. However, as cyber threats continue to emerge, sensitive government information and systems must be adequately secured to safeguard against internal and external threats that could compromise critical information and systems. GSA is not immune to these threats. Accordingly, GSA is challenged in effectively monitoring and efficiently identifying and responding to cyber threats against Agency systems and data. GSA will have to continuously identify technical solutions and implement controls to mitigate such threats as bad actors find new ways to penetrate and navigate government networks and systems undetected.

Controlling Access to GSA Systems and Sensitive Information

In our *Assessment of GSA's Management and Performance Challenges* for FYs 2020 and 2021, we reported on threats to sensitive information maintained by GSA. As this threat remains, there is an increased need for GSA to control access to sensitive information available on its network and maintained in GSA-owned systems. Sensitive information collected and maintained on GSA's network and within systems include the following categories:

- Personally identifiable information, such as social security numbers, employment-sensitive information, and security clearance forms;
- Procurement-sensitive information, such as information related to bidding and prices paid; and
- Controlled unclassified information, such as sensitive building information, financial, legal, contractual, and other sensitive information that is not classified.

Recent reports issued by our office demonstrate the importance of controlling access to GSA systems to protect this sensitive information. For example, in February 2021, we issued an audit report on GSA's Insider Threat Program (ITP), an Agency-wide program established to

²⁶ PBS memorandum titled *Operational Guidance and Instructions Outlining Roles, Responsibilities, Administration and Reporting Requirements for Energy Savings Performance Contracts*.

protect all GSA personnel, facilities, and automated systems with classified and controlled unclassified information from insider threats.²⁷ An insider threat involves employees using their authorized access, intentionally or unintentionally, to cause harm to an organization. These threats include espionage, terrorism, unauthorized disclosure of information, workplace violence, or the loss or degradation of Agency resources or capabilities.

We found that GSA's ITP does not effectively monitor insider threat risks relating to separated and terminated employees. GSA faces heightened insider threat risks from these employees because it does not consistently deactivate their IT accounts and recover and destroy PIV cards within required time frames. As a result, GSA information is vulnerable to theft or loss. Further, deficiencies in GSA's ITP create gaps that can be exploited in other ways to undermine GSA's ability to effectively carry out its operations.

In another example, we reported on the inadequate management of risks associated with GSA migrating to a new human resource system, HR Links. We found that GSA did not adequately test HR Links or fully address problems identified during system testing. As a result, the system was deployed with a series of significant weaknesses that resulted in exposures of sensitive information—including personally identifiable information—and inappropriate access.²⁸

Finally, in September 2021, we issued a report that identified deficiencies in GSA's administration of the USAccess Program.²⁹ USAccess is a high-impact, mission-critical system used to manage federal and contractor employee credentials. As of July 2020, the system contained access rights and personally identifiable information, including social security numbers and dates of birth, associated with approximately 600,000 active PIV cards and credentials. Although the sensitive information maintained in USAccess demands strong system controls, we found that GSA placed this information at risk by failing to ensure that system security vulnerabilities were remediated within the required time frame. As a result, USAccess operated in violation of GSA IT security policy for more than a year.

Insufficient controls can result in the theft or loss of sensitive information, damage to facilities, and exposure of personnel to actual or threatened harm. As demonstrated in the examples above, GSA must continue to strengthen its monitoring of access to Agency systems and data to protect against the intentional or unintentional release of sensitive information from insider threats. Additionally, ensuring the implementation of appropriate management, operational, and technical security controls to manage and mitigate threats to GSA's systems

²⁷ *Audit of GSA's Insider Threat Program* (Report Number A190016/I/T/F21002, February 17, 2021).

²⁸ *Audit of the Migration of Legacy GSA Human Resource Systems to HR Links* (Report Number A190056/C/T/F21004, July 16, 2021).

²⁹ *FAS's Inadequate Oversight of Contractual and Security Requirements Places the USAccess Program at Risk* (Report Number A190067/Q/T/P21003, September 24, 2021).

and data could prevent a sensitive information breach or disruption to organizational operations.

Prioritizing Cyber Supply Chain Risk Management

To comply with the requirements of Section 889 of the FY 2019 NDAA,³⁰ GSA must ensure that it is not procuring restricted products and services to support internal operations that could subject Agency assets and resources to supply chain risks. Supply chain risk is defined as the risk that any person may sabotage, maliciously introduce unwanted function, extract data, or otherwise manipulate the design, integrity, manufacturing, production, distribution, installation, operation, maintenance, disposition, or retirement of a product or service so as to surveil, deny, disrupt, or otherwise manipulate its function, use, or operation.³¹

In December 2020, a foreign adversary used a sophisticated supply chain vulnerability to corrupt a security patch for SolarWinds, a network management software. This vulnerability allowed hackers to infiltrate federal agency networks undetected, demonstrating how susceptible the software supply chain is to tampering by bad actors. It also identified a pressing need for agencies to incorporate cyber supply chain risk management practices into their operations. These practices involve continuously identifying, assessing, and mitigating the risks associated with suppliers of hardware, software, firmware, networks, systems, and services that support agency operations.

Cyberattacks are continuing to increase in number and sophistication, resulting in significant operational disruptions, reputational damage, and financial costs to affected organizations. GSA will be challenged to ensure that it has sufficient and effective contractual requirements, practices, and technical tools in place to rigorously evaluate the security of the IT products and services it procures and implements within the Agency's infrastructure.

Challenge 6: 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 8,800 federally owned and leased facilities nationwide. Part of GSA's responsibility is implementing its 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 Code of Federal Regulations, Title 29, Section 1960, Subpart E, *General Services Administration and Other Federal Agencies*. Additionally, in accordance with a September 2018 memorandum of

³⁰ Section 889 of the FY 2019 NDAA prohibits executive agencies from purchasing restricted products and services in an effort to better manage supply chain risks and reduce threats to key U.S. supply chains by foreign adversaries.

³¹ 41 U.S.C. 4713

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 reports demonstrate an ongoing need for GSA management to pay attention to the safety and security of federal facilities. In particular, recent audits and inspections have found problems with GSA's management of access cards and enforcement of security protocols, as discussed below.

GSA's Management of Access Cards

GSA's management and oversight of access cards raises significant security concerns because the cards can be used to gain unauthorized access to GSA buildings and information systems, placing GSA personnel, federal property, and data at risk.

In a November 2020 report, we found that GSA is mismanaging PIV cards issued to contract employees.³² As a result, GSA was unable to account for approximately 15,000 PIV cards issued to contract employees. In addition, GSA failed to collect over half of the 445 PIV cards from contract employees who failed their background checks. We found that GSA's management of PIV cards for contract employees was impaired because it:

- Uses unreliable data to track and monitor PIV cards, which limits its ability to properly account for the cards;
- Does not have formal procedures for recovering PIV cards from contract employees, forcing GSA personnel to use a patchwork of inconsistent and largely ineffective methods for recovering the cards; and
- Has not implemented the oversight needed to ensure all PIV cards are recovered from contract employees.

GSA's Enforcement of Security Protocols

Our reports also demonstrate an ongoing need for GSA management's attention to the safety and security of federal facilities.

In a September 2021 inspection report, we found pervasive deficiencies in site security and security operations and administration at a high-risk GSA building.³³ These deficiencies included:

³² *GSA's Mismanagement of Contract Employee Access Cards Places GSA Personnel, Federal Property, and Data at Risk* (Report Number A190085/A/6/F21001, November 4, 2020).

³³ *Unrestricted Summary: Facility Inspection of a High-Risk GSA Building* (Report Number JE21-003, September 30, 2021).

- Significant problems with the closed circuit camera surveillance and intrusion detection systems;
- Lax enforcement of physical security requirements and parking restrictions;
- Unsecured restricted areas;
- A contract employee living in the building unbeknownst to the security guards on duty;
- Prohibited substances on site;
- Suspected on-duty marijuana use by a contract employee;
- Inaccessible hazardous waste cleanup materials; and
- A faulty occupant emergency plan.

Some of these issues, such as the problems with the closed circuit cameras and intrusion detection systems, are long-standing. The pervasive deficiencies found in our inspection compromise the security of the building, as well as the safety and security of its occupants, and expose the building, employees, and visitors to unnecessary risks.

In a January 2020 report, we identified significant security vulnerabilities at 11 child care centers in GSA-controlled facilities.³⁴ We found that:

- Child care centers in GSA-controlled facilities did not meet the minimum security standards; and
- Many recommended security countermeasures were not implemented, leaving the child care centers vulnerable to a wide range of security threats.

The magnitude of GSA's responsibility in these areas, not only for GSA employees and contractors, but also for all occupants of GSA-managed facilities, is significant. 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.

Challenge 7: Managing Presidential Initiatives

One of the ways the President of the United States manages the operations of the executive branch of the federal government is through executive orders (EOs). Each new administration enacts EOs designed to promote its administrative objectives and initiatives. Since his inauguration in January 2021, President Biden's administration has issued multiple EOs that directly impact GSA, addressing areas such as fair contracting practices, purchase of American-made products, and environmental and sustainability policy. As described below, these EOs will require GSA to pivot quickly and refocus purchasing strategy, both within FAS and PBS. Strong controls and oversight over the responses to these initiatives are necessary to ensure that GSA is successful in achieving the intent of the EOs.

³⁴ *Child Care Centers in GSA-Controlled Buildings Have Significant Security Vulnerabilities* (Report Number A170119/P/6/R20001, January 30, 2020).

- *EO 13985 – Advancing Racial Equity and Support for Underserved Communities Through the Federal Government, January 20, 2021.* This EO states that “the Federal Government should pursue a comprehensive approach to advancing equity for all.” It requires agencies, in consultation with OMB, to select and review their programs and policies to assess whether members of underserved communities face systemic barriers in accessing benefits and opportunities available through those policies and programs. Based on these reviews, the Director of OMB shall identify opportunities to promote equity in the budget that the President submits to Congress.

EO 13985 specifically identifies barriers faced by underserved communities in taking advantage of agency procurement and contracting opportunities as needing analysis. Because of its prominent role in procurement and contracting, GSA will be challenged in identifying those programs and policies that currently result in barriers to underserved communities and in removing those barriers. GSA will need to ensure that it addresses the appropriate programs and that the plan to remove barriers does not result in additional costs to the American taxpayer.

- *EO 14005 – Ensuring the Future Is Made in All of America by All of America’s Workers, January 25, 2021.* The intent of this EO is that the U.S. government should, whenever possible, procure goods, products, materials, and services from sources that will help American businesses compete in strategic industries and help America’s workers thrive. The EO allows each agency’s senior leadership to issue waivers. The order specifically requires GSA to develop a public website that includes all proposed waivers and whether those waivers have been granted, and to submit recommendations to the Made in America Director (an OMB position) to ensure procurements follow the order. GSA will be challenged to fulfill these responsibilities and ensure that guidelines for purchasing American-made products are followed.
- *EO 14008 – Tackling the Climate Crisis at Home and Abroad, January 27, 2021.* The overall purpose of this EO is to work toward a safe global temperature, increased climate resilience, and a pathway toward low greenhouse gas emissions and climate-resilient development. The EO states that this plan should use all available procurement authorities to achieve or facilitate “clean and zero-emission vehicles for Federal, State, local, and Tribal government fleets, including vehicles of the United States Postal Service.” Further, the plan also aims to “ensure that the United States retains the union jobs integral to and involved in running and maintaining clean and zero-emission fleets, while spurring the creation of union jobs in the manufacture of those new vehicles.”

GSA’s Office of Fleet Management provides the mandatory source for all non-tactical vehicle purchases and provides full-service, end-to-end, life cycle management of over 215,000 vehicle assets. That office’s responsibility for implementation of this EO could be enormous. The electrification of the federal fleet comes with many challenges, including a lack of supply and limited variety of electric vehicles.

Infrastructure could also pose challenges. As GSA expands the electric fleet, it will see increased demand for charging stations; however, not all federal buildings have the capability to provide the electricity needed to charge multiple vehicles. Further, the utility infrastructure might not be in place to handle the additional demand. Finally, strong controls need to be in place over additional purchases of vehicles to ensure that GSA is purchasing the needed vehicles at a reasonable cost. GSA must overcome these challenges to meet the goal of the EO and protect taxpayer dollars.

Further, prior audit work has shown that GSA is challenged with follow-through on sustainability and greening initiatives. For example, in July 2020, we reported that PBS did not effectively manage its green roof inventory.³⁵ We found that PBS did not have a comprehensive maintenance strategy in place to protect its investment in green roofs. PBS did not ensure that all of its green roofs were maintained in accordance with internal guidance and industry standards. As a result, many green roofs were in poor condition. We also found that PBS did not educate staff on maintenance requirements for green roofs and did not consider green roof maintenance costs when planning to install a green roof. GSA will need to ensure that any climate initiatives, including fleet electrification and installation of charging stations, are properly planned and managed.

The EOs discussed above directly impact GSA in multiple ways. GSA needs to be consistent in how it responds. For example, FAS representatives indicated that FAS contracting programs implement environmental EOs in different ways. FAS may implement these requirements at the master contract level for some programs while delegating this to the task order level for others. Given the inconsistency in implementation, opportunities may exist to improve compliance and reduce the environmental impacts of GSA contracting programs.

Challenge 8: Managing the Impact of COVID-19

GSA faces significant challenges responding to the ongoing COVID-19 pandemic. As of October 6, 2021, there have been more than 235 million COVID-19 cases worldwide, including over 4.8 million attributed deaths. In the U.S., there have been more than 43.8 million cases and over 704,000 deaths. There have also been over 16,000 reports of suspected or confirmed COVID-19 cases in GSA-owned or leased facilities.

During a pandemic emergency, a primary GSA responsibility is to protect the health and safety of its employees, tenants, contractors, and visitors at its facilities. To do so effectively, PBS must monitor evolving Centers for Disease Control and Prevention (CDC), state, and local health department guidance, and ensure that it is adhered to at GSA-owned and leased facilities. PBS must be able to track suspected and confirmed COVID-19 cases in its facilities, provide timely

³⁵ *Audit of the Public Building Service's Green Roof Maintenance and Safety Practices* (Report Number A180085/P/4/R20008, July 23, 2020).

notification to building occupants when there are COVID-19 incidents, and conduct timely disinfection and cleaning.

As GSA and tenant agencies begin to return to facilities, PBS must also ensure that heating, ventilation, and air conditioning (HVAC) systems are updated to increase ventilation and improve air filtration to minimize the spread of the virus. Further, PBS must ensure that potable water is available in facilities where decreased occupancy has increased the potential for water quality degradation. These critical responsibilities pose challenges for GSA.

Implementing Guidance for GSA Facilities to Return to Work

Establishing consistent return-to-facility procedures while having to keep up with and implement constantly changing guidance will pose a challenge for GSA. As cities, states, and the federal government loosen restrictions and allow workers to return to office environments, GSA will need to ensure that it is able to provide a safe and secure work environment.

GSA must also ensure that its own guidance aligns with changing directives from the new administration and is consistently implemented across all its building inventory. Concurrently, GSA must continue to monitor the trend of reported COVID-19 cases, hospital capacity, and gating criteria tied to city, county, and state health department data across the nation.³⁶ Despite this unprecedented level of monitoring and review, GSA needs to maintain its ability to make timely and accurate decisions.

The open-space floor plans in many of GSA's federal buildings may increase the risk of a COVID-19 outbreak among tenants. 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.

Effective Communication and Response for COVID-19 Incidents

CDC's *Interim Guidance for Businesses and Employers to Plan and Respond to COVID-19* states that if an employee is confirmed to have COVID-19, employers should inform fellow employees of their possible exposure to COVID-19 in the workplace. PBS's *Notification Process for*

³⁶ Gating criteria are the data-driven conditions each region or state should satisfy before proceeding to a phased opening.

Suspected and Confirmed Cases of COVID-19 (notification process) states that all occupants and contractors in a GSA-controlled facility must be notified of COVID-19 incidents no later than 24 hours after the incident is first reported. However, timely reporting of confirmed COVID-19 cases to all who access buildings under GSA's custody and control has been a challenge for GSA.

Our recent audit work found that PBS did not always receive or provide timely notice of positive COVID-19 incidents in accordance with PBS's notification process³⁷. As a result, PBS could not take appropriate action to clean and disinfect affected spaces. Further, building occupants, contractors, and visitors may have unknowingly passed through space contaminated with COVID-19 and been at increased risk of exposure to and transmission of the disease.

GSA's *Communicable 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 poses a challenge. GSA's pandemic plan states that it is important that PBS work with contractors to review, enhance, and modify as appropriate, contract quality control plans and PBS quality assurance surveillance plans to ensure that adequate safeguards provide for the delivery of safe, efficient, and effective custodial services.

PBS needs to ensure it follows GSA's *Communicable Disease Pandemic Plan*. In our recent audit work referenced above, we found issues with PBS's oversight of cleaning and disinfecting services. PBS did not always provide contractors with the correct scope of work to conduct detailed cleaning and disinfection services. Also, PBS did not implement consistent inspection and quality assurance procedures for COVID-19 custodial services.

Ventilation and Air Filtration

The CDC's *COVID-19 Employer Information for Office Buildings*, updated on April 7, 2021, recommends that businesses and employers increase central air filtration by increasing air filtration as high as possible. To do so, businesses and employers should ensure that HVAC systems use air filters with a minimum efficiency reporting value (MERV) greater than or equal to MERV 13 because these filters are efficient at capturing airborne viruses.

GSA's *Guidance for COVID-19 HVAC Operations* indicates that many GSA buildings were designed to use MERV 13 filters. Thus, the guidance requires regional engineers and technicians to collect the design information for each air handler to: (1) determine the existing level of filtration and filter seals for each air handler and (2) determine what filter retrofits are possible.

However, GSA must ensure it can meet these standards. In a January 2020 audit, we raised concerns that HVAC systems in GSA-controlled buildings with child care centers lacked

³⁷*PBS Did Not Always Follow CDC and Internal Guidance to Limit the Risk of COVID-19 Exposure* (Report Number A201018-2/P/4/R21005, August 26, 2021).

adequate air filtration. We found that GSA did not implement countermeasures, recommended by the U.S. Department of Homeland Security, to use MERV 13 filters in several buildings.³⁸ Therefore, those buildings' HVAC systems did not meet the biological filtration requirements and could potentially expose children, staff, and visitors to airborne pollutants, contaminants, or even bacteria and viruses from the air outside the child care center.

With regard to COVID-19, PBS notes moderate to major costs as a barrier in implementing the CDC's recommendation to use MERV 13 filters to increase air filtration. However, PBS should assess its buildings, implement the recommended filtration to meet standards where feasible, and then identify the buildings where the costs to meet standards may be significant. GSA has mechanisms available to fund—or request funding for—alterations to GSA-controlled buildings and should use them to ensure the safety of its buildings.

Water Quality

As a result of the COVID-19 pandemic, federally owned facilities are experiencing reduced occupancy. With reduced occupancy, the use of potable water in these facilities is substantially less than the usage prior to COVID-19. Reduced usage has heightened the potential for water quality degradation. As noted by the CDC, "The temporary shutdown or reduced operation of a building and reductions in normal water use can create hazards for returning occupants."³⁹ The CDC recommends heightened awareness and controls to eliminate mold growth initiated by water leaks and Legionnaire's disease from stagnant or standing water. GSA will be challenged to identify and address issues and hazards such as mold, legionella, and lead and copper contamination in facilities under its jurisdiction and control.

GSA continues to face significant challenges responding to the COVID-19 pandemic and protecting the health and safety of its employees, tenants, contractors, and visitors at its facilities. As GSA and tenant agencies begin to return to facilities, this will become an even more immediate need—particularly with the recent surge of the highly transmissible COVID-19 Delta variant.

To reduce the risk of COVID-19 transmission within its facilities, GSA must continue to monitor and implement evolving CDC, state, and local health department guidance. PBS must continue to track suspected and confirmed COVID-19 cases in its facilities, provide timely notification of COVID-19 incidents to building occupants, and conduct timely disinfection and cleaning. PBS must also ensure that HVAC systems are updated to increase ventilation and improve air filtration, and ensure that potable water is available in facilities where decreased occupancy has increased the potential for water quality degradation. GSA must effectively manage these critical responsibilities to limit the spread of COVID-19 within its facilities.

³⁸ *Child Care Centers in GSA-Controlled Buildings Have Significant Security Vulnerabilities* (Report Number A170119/P/6/R20001, January 30, 2020).

³⁹ Centers for Disease Control and Prevention, *Reopening Buildings After Prolonged Shutdown or Reduced Operation* (July 22, 2021).

GSA RESPONSES TO THE OFFICE OF INSPECTOR GENERAL'S MANAGEMENT CHALLENGES FOR FY 2022 (UNAUDITED)

Challenge 1: Establishing and Maintaining an Effective Internal Control Environment

As the U.S. General Services Administration (GSA) Office of Inspector General (OIG) recommends, GSA will continue its efforts to strengthen its systems of internal control in fiscal year (FY) 2022 and beyond. Support of our Federal partners and the American public requires that GSA maintain a strong internal control environment to safeguard the organization and its assets, advance mission objectives, optimize compliance and effectiveness, and minimize risks. Our internal control environment must be resilient and responsive to new opportunities, challenges, and priorities. In FY 2021, GSA continued to strengthen its internal control environment and its resilience through multiple efforts:

- **Reinforced enterprise-wide accountability and issue resolution** in monthly senior leader meetings, co-chaired by the Deputy Administrator and the Chief Financial Officer (CFO). These discussions focus senior leaders on agency-wide issue resolution, areas of high risk or impact, and actionable priorities. The resulting collaboration and transparency have strengthened compliance and accountability across GSA.
- **Improved contract administration** by strengthening policy, addressing performance and training needs of acquisition professionals, and implementing contract administration process improvements, as stated by the OIG. GSA streamlined its process related to contractor access card deactivation and collection, and strengthened management oversight. GSA continues to apply process and automation improvements as it develops solutions in other areas.
- **Realigned audit management and accountability processes and staff** to the Office of the Chief Financial Officer, which structurally aligned that staff with several enterprise-wide functions, including the internal control program, enterprise risk management, performance improvement, and process improvement/automations. By leveraging their combined expertise, GSA gained insights into program performance and the capability to strengthen operations and controls through the use of automation and process improvement.

GSA recognizes that it is essential to maintain a relationship with the OIG that improves GSA programs and operations. In all efforts, including with respect to GSA's COVID-19 response, GSA has sought to maintain the agency's high standards for responsiveness to OIG and others, while seeking to identify and understand emergent issues in a dynamic environment.

GSA will continue to build upon these efforts and make meaningful progress on internal controls and in resolving audit issues in FY 2022.

Challenge 2: Improving Contract Administration

The advancement of key controls and increased oversight remains a top priority for GSA, and the agency is confident that its actions have already resulted in meaningful improvements to internal controls within the contract administration landscape.

On February 12, 2020, the GSA Administrator issued a memo to the Heads of Services and Staff Offices, spurring several agency-wide corrective action plans elevating the focus on contract administration, improving accountability, and strengthening internal controls.

- **Elevated focus on Contract Administration** - GSA's CFO hosts monthly audit meetings, bringing various stakeholders together, to monitor the status of GSA's response to audits and Procurement Management Reviews.
- **COR critical elements in performance plans** - A new mandatory acquisition critical element was developed to establish common performance elements for GSA Contracting Officer's Representatives (COR) and included in all applicable performance plans beginning FY 2021.
- **Personal Identity Verification (PIV) card controls strengthened** - An agency-wide working group was created to place greater focus on the process of returning GSA access cards at the completion of a contract or termination of building access. [Change 132 dated July 26, 2021](#), amended the General Services Acquisition Regulation under clause 552.204-9 to clarify where the contractor can find PIV requirements and added more detailed procedures for credentialing management under GSAM 504.1370.
 - **Mandatory HSPD-12 Training** - Agency-wide mandatory HSPD-12 training was developed and deployed as an annual training requirement for all Requesting Officials (RO).
 - **PIV Dashboard** - A dashboard was created to illustrate active GSA access cards and expirations by contract. ROs can see all credentialed contractor personnel in one place for greater visibility and management oversight.

GSA's Service and Staff Offices have worked, in alignment with agency initiatives, to develop complementary policy and process improvements to align with the agency's targeted focus on improving contract administration. The Federal Acquisition Service (FAS) has issued several policies that support improved contract administration: 1) [PAP 2020-04 FAS Contract File Standards](#) and 2) [FAS PAP 2020-03 FAS Contracting Officer's Representative Function Standard Operating Procedures](#). FAS has issued three acquisitions by topic pages to provide further guidance on contract administration: 1) [FAS Contractor Personal Identity Verification Card \(PIV\) Guidance](#); 2) [Contracting Officer's Representative \(COR\)](#); and 3) [FAS Contract File Guidance](#). The Public Buildings Service (PBS) issued [PBS PIB 21-05 dated 5/12/2021, Contracting Officer's Representative \(COR\) Policy](#), outlining contract file documentation requirements for COR files. PBS has also sought to streamline the manner in which construction goods and services are inspected, accepted and ultimately paid. In FY 2021, GSA's Office of Administrative Services (OAS) updated operational policy for the Office of Internal Acquisition (Operational Notice 17-002) to establish a COR working file checklist and require Electronic Acquisition System Integration (EASi) as the official COR file repository. OIA has also updated the COR Delegation memo template to enhance supervisory oversight and acknowledgement of COR workload. The Office of Mission Assurance enhanced oversight of the GSA PIV function by creating, mapping, and centralizing key processes.

In FY 2022, GSA will remain focused on enhanced oversight and strengthening management controls within contract administration. The Office of Government-wide Policy (OGP) will continue to review contract administration during the FY 2022 Procurement Management Review (PMR) cycle. OGP plans to conduct PMRs in multiple regions and service centers, testing the strength of the previously implemented management controls.

To further advance management oversight, slated for the second quarter in FY 2022, FAS's Information Technology Category Program Management Office will conduct quarterly samplings of

performance-based awards and contract modifications to ensure that Quality Control Plans and Quality Assurance Surveillance Plans (QASP) are in place and being followed. The program office will review, update, and strengthen each QASP, to include assessment and accreditation requirements as well as vulnerability remediation plan, as key performance metrics. All critical/high vulnerabilities will be remediated in 30 days or less. All medium/moderate vulnerabilities will be remediated in 90 days or less. This initiative will help to ensure contract inspections are being conducted against a set of standards and will further validate that the government received the goods and services for which it has paid.

FAS also introduced an Acquisition Excellence Composite Metric (AECM) in the FY 2022 Performance Plans of its Senior Executive Service. This metric is anticipated to promote the quality of FAS acquisitions as a key value proposition. The AECM will baseline acquisition excellence at a FAS-wide enterprise level while highlighting areas of acquisition performance that are both in compliance and those that are in critical need.

Similarly, PBS developed standard FY 2022 performance plan language to be incorporated into the plans of Regional Commissioners (RCs) and Heads of Contracting Activities (HCAs) and into the plans of all subordinates to promote effective and efficient management of financial, human, technology, and other business resources, while reducing unnecessary costs associated with the same. This further improves accountability of GSA officials overseeing multiple acquisition functions (i.e., both contracting and program management) and places a targeted focus on PBS Audit Themes. These themes will be used to address findings, recommendations, and information from other management reviews. In partnership with relevant business lines and regions, RCs and HCAs will be required to develop and implement a National Internal Controls Plan for Acquisition as a determinant of overall performance success.

GSA continues to strengthen its oversight and control environment related to contract administration and will continue to improve in this area.

Challenge 3: Enhancing Government Procurement

The Federal Acquisition Service (FAS) recognizes and acknowledges that it plays a significant role in implementing a wide range of priorities through enhancements to the way the government procures goods and services. The challenges are complex, which is why FAS has executed a focused effort to ensure the FY22-26 GSA Strategic Plan articulates the objectives and identifies key initiatives to drive desired outcomes. FAS will build upon the momentum achieved in the past on these challenging initiatives and will leverage expertise across the agency to ensure continued mission delivery.

Transforming the Multiple Award Schedules (MAS) Program (Schedules Program)

FAS acknowledges the challenges of (1) assigning the consolidated contracts to an acquisition center with the expertise to administer it properly and (2) evaluating and negotiating the consolidated contracts in accordance with federal regulations and GSA internal policies.

FAS is thoughtfully considering these challenges as we continue the MAS Consolidation implementation.

The MAS Consolidation was broken into three phases to allow for full stakeholder engagement and more fluid change management and to date has successfully completed the first two of its three phases. All new offers submitted on or after October 1, 2019, were done so under the single MAS vehicle, with the second phase providing a mass modification to move the existing contracts from one of the 24 legacy Schedules to the single MAS vehicle.

The MAS consolidation final phase (Phase 3) will move contractors with multiple contracts to a single contracting officer (CO) who will work with the contractor to create a plan and schedule on how to get to one contract (with the exception of contractors with Small Business Set Aside Special Item Numbers or SINs). Due to blanket purchase agreements and other highly complex order types, this may take up to five years.

Contractors are assigned to their consolidated Acquisition Center through a complex equation based on offering, preponderance of sales, and Acquisition Center input. Further, the new enterprise focus on MAS necessitated the creation of a subject matter expert group to assist with more complex SINs across centers. Having COs work together on categories they are more familiar with reduces the risks associated with requiring COs officers to be experts in all categories. The MAS PMO and Office of Policy and Compliance have provided multiple training sessions for this phase. This includes going through the streamlined modification PAP that requires a CO to complete a fair and reasonable pricing assessment of all offerings being added to a contract, regardless if on a secondary contract.

FAS has continued to modernize the MAS program with data analysis as part of the fair and reasonable price determination process. This has included opportunities such as the Transactional Data Reporting (TDR) Rule, which allows GSA to collect prices paid data. This has also moved the fair and reasonable determination to a horizontal pricing review rather than a vertical type. Pricing is determined on the market that is gathered through the various data sets in the Price Point Plus Portal (4P) Tool and CALC tool. This is combined with market research that the CO also completes. This ensures that our contractors are not siloed into markets that only apply to a single company thus making pricing more competitive for small businesses and increasing their success rate. This best value, highly competitive ceiling rate determination is what provides customer agencies the ability to use order level competition that will provide the comparison of similar offerings and terms and conditions to achieve the lowest overall cost alternative.

FAS has been working on data maturity of TDR prior to adding this as a data set for eTools. As FAS expands the TDR rule across the MAS Program in FY22-23, it is simultaneously taking steps to normalize TDR data and feed it into the 4P and the Contract Awarded Labor Category Plus (CALC+) tools. COs will be able to use these pricing tools to consider multiple data sources (TDR, BLS, awarded rates) as they make their independent fair and reasonable price determination. Such analysis will strengthen GSA Schedule pricing and ultimately make it more competitive.

Additionally, FAS is developing training for COs on how to properly conduct fair and reasonable pricing determinations, understanding TDR and what TDR data is and how to use it, and how to use the pricing tools that will contain the TDR data.

Finally, GSA continues to welcome the OIG's oversight of the TDR program, and will continue to do its best to address recommendations and concerns as we strive to modernize the MAS program.

Supply Chain Risk Management (SCRM)

SCRM and Cyber SCRM (C-SCRM) are major challenges for the Federal Government acquisition community and GSA is working aggressively to address these. GSA and FAS continue to increase our SCRM maturity through a multiple-year effort to support the entire Federal Government.

The FAS Commissioner represents GSA on the Federal Acquisition Security Council (FASC). GSA and FAS have been strong proponents of FASC and contributed to the issuance of the final regulation that operationalized the authority provided to the FASC in the Secure Technology Act. GSA continues to support the writing and development of the Federal Acquisition Regulation (FAR) to further operationalize these authorities.

GSA, through the Office of Government-wide Policy, has developed and issued a SCRM plan and program. FAS developed a SCRM Organizational Level Plan; launched the FAS SCRM Champions Program; established a SCRM Review Board (an enterprise-wide cross discipline governance body that supported section 889 of the FY 2019 National Defense Authorization Act (NDAA) (Section 889) implementation and supply chain event report triage); developed a Mission Level Plan for Respond-Remove; launched a pilot and expanded the use of Vendor Risk Tools to identify and monitor critical risks; updated acquisition planning guidance to incorporate IT Risk Management; and developed a comprehensive set of SCRM acquisition workforce training. The Mission Level Respond-Remove Plan defined the process to remove or exclude covered Section 889 articles from all FAS offerings.

GSA and FAS have aggressively implemented the Section 889 prohibition in accordance with the FAR to reduce risk. FAS rapidly modified its existing acquisition vehicles to incorporate the required Section 889 parts A and B of the FAR clause. This ensured that customers could continue placing orders with minimal disruption. FAS implemented a series of escalating corrective actions for contractors that did not accept the required modification, including issuing letters of concern, temporary e-system removal, and contract cancellation. FAS cancelled 131 contracts that remained non-compliant and by FY 2021 Q4, 100% of FAS contracts incorporated the required contract clause.

FAS also developed several ongoing compliance monitoring practices that exceed FAR requirements such as:

- the Prohibited Products Robomod process;
- automatically “suppressing” prohibited products from GSA Advantage!;
- leveraging Industrial Operation Analysts (IOA) to educate high-risk vendors;
- leveraging authoritative data from the Verified Products Portal (VPP);
- conducting high risk transaction inquiries when information is present for non-compliance.

Lastly, in FY 2021, GSA requested the assistance of OIG, including reviews of contractor compliance with Section 889 post award MAS contract audits. GSA appreciates the additional support in implementation of this important provision.

In FY 2022, FAS will continue to mature our SCRM capability by:

- leveraging vendor risk tools to support supply chain illumination and risk analysis on critical programs (while managing the vendor risk tool program to share access and reports across FAS as appropriate);
- reviewing major acquisitions through the FAS Acquisition Council (FAC) and providing SCRM subject matter expert support for pre-award and post award strategies to reduce risk; and
- continuing implementation of Executive Order (EO) 14028, including intra-government and industry engagement on labeling, Software Bill of Materials, and critical software identification and compliance.

Enhancing Competition at the Task Order Level

The enhanced competition authority in section 876 of the FY 2019 NDAA provides the flexibility to the workforce to utilize an acquisition strategy that focuses on promoting competition at the task order level. Competition is a key tenet of the Federal acquisition system and drives best value solutions for agencies and the taxpayer. This is accomplished by eliminating the need for the acquisition workforce to negotiate labor rates at the contract vehicle level so the workforce can focus on higher value work of promoting competition. This authority applies to services only and does not extend to products.

This authority will facilitate making it easier for customers to realize better value, the acquisition workforce to focus on helping customers achieve robust competition and suppliers being able to more easily do business with the government.

GSA has engaged all of our acquisition program stakeholders (e.g., customers, acquisition workforce, industry partners and oversight community) to determine when use of the enhanced competition authority represents the best acquisition strategy. GSA implemented Section 876 authority on a limited set of acquisitions (GWACs and MACs) via a Class Deviation to FAR Subpart 16.5 (see CD-2020-14).

To support the successful implementation of enhanced competition, GSA has executed the following actions:

1. Issued a Federal Supply Schedules (FSS) Program Advance Notice of Proposed Rulemaking (ANPR) in the [Federal Register](#) and held listen sessions ([Listening Session Summary](#)) to obtain public comments for all interested parties;
2. Opened two General Services Acquisition Regulation cases to further obtain public comment and feedback on use of the enhanced competition authority;
3. Implemented a comprehensive communications plan to keep all stakeholders informed on development and use of the authority;
4. Began use of the enhanced competition authority with the establishment of the ASTRO contract vehicle that is only available for use with FAS-assisted acquisition portfolio. The ASTRO contract vehicle is a multiple award IDIQ to acquire manned, optionally manned and unmanned platforms and services;
5. Issued [Procurement Information Notice 2021-03](#) - Guidance for use of Section 876 Authority - Orders Against the ASTRO IDIQ MAC and an ordering guide that provides guidance on how to perform market research, develop an independent government cost estimate (IGCE), and determine fair and reasonable pricing when AAS is using the ASTRO contract vehicle.
6. Established metrics and a review process to evaluate ASTRO's use of the enhanced competition authority;
7. Established an Integrated Project Team, including representatives of the GSA Office of Inspector General, to examine whether use of the enhanced competition authority is best acquisition strategy for the Multiple Award Schedules Program;
8. Began development of updating market research, estimation and price analysis capabilities to support use of the authority.

Implementing Procurement through Commercial e-Commerce Portals

GSA's Commercial Platforms Proof of Concept is available to Government Purchase Card holders as a 'managed channel' for open-market purchases through select e-marketplace platforms. The contracts with Amazon Business, Fisher Scientific, and Overstock Government, were awarded in June 2020 and launched in mid-August 2020 as part of an initial three-year "proof of concept." In FY 2021 the program was (and continues to be) heavily focused on adoption and implementation of the proof of concept, receiving both strong interest from prospective agencies and positive feedback from participating buyers over the initial year (with overall satisfaction scores of 9.2 out of 10). Total FY 2021 spend through the program was approximately \$11.7M, across more than 43,000 orders, with 15 agencies participating at the close of the fiscal year, and another 5 slated for onboarding in early FY 2022.

Throughout FY 2022, the program's focus will remain on agency engagement and growth of the proof of concept; collection and analysis of spend data; ongoing implementation of the program's performance measurement process; and continued refinement of the program's assessment of the platforms' compliance with data protection policies. The proof of concept approach allows GSA to test, refine, and ultimately grow the program incrementally based on lessons learned and data collected.

Performance Measurement

The Commercial Platforms program places a strong emphasis on its Performance Management program, having identified metrics and key performance indicators that directly align the program to agency and Administration priorities, particularly as it relates to purchasing in the open-market environment. The program team's performance management framework employs both quantitative and qualitative measures to effectively measure the program's progress and performance. Over the last year the program team focused much of its effort onboarding the participating platform providers and putting in place the necessary foundational processes to receive the requested data elements needed to support the identified metrics. The platform data and metrics were aggregated in the program's dashboards, which launched in mid-FY 2021. The program intends to use FY 2022 to iterate this existing performance management framework using data from the last year and feedback from participating agencies to set goals, targets and timelines for each of the identified metrics. This data will help determine how better buying strategies and decisions can be made through the use of these online platforms and will help to inform where the program evolves in the future.

Supply Chain Risk Management

Supply Chain Risk Management continues to be a significant area of focus for both the Commercial Platforms program and the participating agencies. This emphasis applies to the challenges of counterfeiting more broadly, as well as Government's implementation of Section 889 (parts A and B) of the FY 2019 NDAA. The program is actively working with the participating platforms to limit agency buyer's exposure to supply chain risk by collaborating with agency policy makers to identify those areas of greatest concern, whether it's by product category, seller, or country or origin. As it relates to Section 889, FAS has taken steps as part of its contract to either remove entirely or add alerts/restrictions to product categories that are covered under part A. For part B, the program has documented each platforms' capabilities (and coverages) related to the company's part B representation, and regularly consults with agencies and their buyers to ensure maximum compliance. Lastly, the program conducts monthly training sessions with each of the platforms for participating buyers, which includes a dedicated discussion on each platforms' capabilities related to supply chain risk management and Section 889 compliance.

Data Protections

1. Similar to supply chain risk management, data protections continue to remain a high priority for the Commercial Platform's program. Each of the participating platforms in the proof of concept have agreed to specific language in their contracts as it relates to various data protection requirements, including:
 - sale or disclosure of data to third parties;
 - safeguarding of government data; and
 - restrictions on use of third-party supplier data.
2. The program assessed each of these areas as part of the evaluation phase of the acquisition process prior to contract award. For FY 2022, the program will continue to monitor these key areas and will conduct follow-on reviews of each platform providers'

current data protection policies. The program team will work collaboratively with the acquisition team to ensure compliance with the terms and conditions of the contracts.

3. Looking ahead, GSA plans to continue implementation of the current proof of concept through the duration of the contracts period, concluding in June 2023. The feedback and spend data insights gained throughout implementation will help to inform how the program is progressing and where it should go in the future. The Commercial Platforms program is also mindful of the potential impacts to existing FAS offerings. To that end, in all agency meetings and program materials the program regularly communicates itself as a 'managed channel' for open-market spend, acknowledging that existing FAS offerings, such as the Multiple Award Schedules program, should be considered prior to purchasing from the program's participating platform providers. Additionally, the program is working closely with the Federal Marketplace initiative as FAS considers its product and channel strategy, with the ultimate goal of making it easier for both buyers and sellers to utilize GSA solutions. With this information in hand, GSA can begin to conduct parallel market research and identify an appropriate acquisition strategy to ensure a competitive selection of participating platforms at the end of the current contract term.

Leading the Transition to the Enterprise Infrastructure Solutions (EIS) Contract

There is significant risk of agencies not completing their transition to the Enterprise Infrastructure Solutions (EIS) contract on time. The most recent transition milestone was for customer agencies to have completed 50 percent of their transitions -- as measured by the disconnection of services from the legacy contracts -- by March 31, 2021. However, as of August 31, 2021, only 48.4% of the governmentwide inventory was disconnected, and only 74% of task orders had been awarded. FAS has the following efforts underway to encourage agencies to both accelerate transition and mitigate the risk of not transitioning on time through contingency planning:

Project Plan for Closeout of Transition

To motivate agencies to execute their transitions, FAS is actively addressing the requirements and taking the actions outlined in the "Project Plan for Closeout of EIS Transition." 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.

Limiting Users

In FY 2021, FAS completed Phases 1 through 4 of the Closeout project to limit users on the expiring contracts and to curtail new services being added to those contracts. Sixty-four agencies have been removed from the list of authorized users and fifty-three of them have been disconnected from the contracts. In Phase 5, FAS identified eight agencies that have awarded some but not all of their task orders; they received warning letters in October 2021 and are in the process of appealing. Another four agencies will be removed in Phase 5 because their transitions are complete and removing them ensures they do not order anything new on the expiring contracts.

Freezing Contract Modifications and Orders

On October 1, 2020 FAS required any agency needing a modification or order for new services to submit a waiver request for FAS's approval. On October 1, 2021, FAS further restricted the criteria to six exigent scenarios that GSA would consider for a waiver:

1. Disaster Relief activities
2. Activities necessary by law, the Constitution, or necessary for safety of human life or protection of property
3. Maintaining law enforcement operations
4. Providing the protective functions of the U.S. Secret Service
5. Maintaining counter-terrorism or intelligence gathering or dissemination capabilities
6. Matters related to diversity, equity, inclusion and access

In addition, effective November 1, 2021, FAS is requiring agencies to support waiver requests with an updated transition plan that articulates (1) steps to accelerate progress to award outstanding EIS task orders; (2) movement of the newly added inventory to EIS by the September 2022 deadline and no later than the expiration of the legacy contracts in May 2023; and (3) acquisition contingency plans for those agencies lacking awarded EIS task orders to preserve mission and maintain services after the May 2023 expiration date. The agency will also document its agreement to take full responsibility for any stranded legacy contract inventory and/or loss of service as of May 31, 2023.

Ongoing Agency Support

- In FY 2021 FAS began offering Transition Engineering Assistance (TEA) to agencies as part of FAS' ongoing direct agency support. TEA provides dedicated network, voice, cloud, and security engineering resources directly to agencies to assist with their transition from the legacy ETS contracts to their awarded EIS services. The GSA-managed TEA contractors work directly with the assigned agency, awarded EIS contractor(s), and GSA stakeholders to ensure the agency EIS transition goals are achieved in a secure, best practice focused, and where possible modernized method.
- In June 2021 FAS started holding bi-weekly EIS Transition office hours. All agencies are invited and encouraged to use this time to ask questions and share experiences.

Additional Risk Management Activities

- FAS developed a "Take A.I.M Toward EIS" messaging theme for consistent communications: (1) Assess transition status and accelerate progress; (2) Inventory -- disconnect and transition; and (3) Mitigate risk to ensure mission operations continue.
- FAS is working closely with the Office of Management and Budget (OMB) to jointly review agencies' transition progress and escalate issues. GSA and OMB met with agencies identified to be at high risk of missing transition deadlines, advising agencies to develop contingency plans to ensure services continue after May 31, 2023.
- FAS launched a new project called "Risk Assessment for Transition (RAFT)" to help agencies make a realistic assessment of how long their transition will take, identify contingency options, and state results to stakeholders. FAS is holding RAFT sessions with high-risk and other interested agencies.

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

In FY 2022, GSA sees an opportunity to leverage new ways of working across the federal government to further right-size the Federal real estate portfolio. This effort will enable GSA to reduce and consolidate agencies into Federally owned facilities under GSA's jurisdiction, custody, and control based on their missions and reduce the reliance on costly leases, which will maximize the performance of the GSA real property inventory and provide savings for American taxpayers.

Reducing and Consolidating Space

In response to uncertain future space requirements and the implementation of more flexible workplace policies, including telework, at the beginning of FY 2021, GSA began surveying its customers on their COVID-19 telework posture and their reentry plans. The most recent survey results show that there is a slow return to facilities. Agencies are indicating that they plan to adjust their telework policies to increase telework for the long-term, and have also indicated that changes to their space will occur in two or more years or as Occupancy Agreements expire, whichever is later. In FY 2022, PBS will begin more detailed engagements with all CFO Act agencies to attempt to determine how these long-term changes to telework will translate to space reductions.

GSA faces the challenge of implementing consolidation initiatives to achieve desired reductions in space without access to the full revenue generated within the Federal Buildings Fund (FBF). Every modernization project is an opportunity to consider ways to consolidate agencies from owned to leased space, but this has been particularly harmful for the Consolidation Activities program; this program has supported 87 successful projects since its inception but has not been funded since FY 2019.

Reducing Leasing Costs

Reducing the Federal Government's reliance on costly leases remains a top priority for GSA. GSA continues with its efforts on lease cost avoidance that were favorably recognized by the Government Accountability Office (GAO) by removing the costly leasing segment of Federal Real Property from the High Risk Report, GAO-21-119SP, March 2021. As OIG's Management and Performance Challenges report details, the increased use of telework due to the onset of the COVID-19 pandemic has created opportunities for GSA to reassess its leasing strategy.

PBS created a consolidated vacant space tracking tool to provide a consolidated view of GSA's current vacant space, pending space releases where agencies have provided GSA with their formal notice to release space, and potential vacant space that consists of forward looking information of potential space releases. This tool, which has been shared broadly across PBS, allows us to look forward before space is actually vacant, giving GSA a better opportunity to mitigate leased vacant space through backfill with another occupant agency, a lease buyout, or holding the vacant space.

GSA is also focused on enhancing backfill opportunities for vacant space. We are currently in the planning phase of working to more aggressively market vacant space opportunities to client agencies needing space or that are in expiring leased space.

Additionally, GSA is aware that the potential change in market conditions caused by the global pandemic will require a re-examination of its longer term lease strategy. In May 2021, PBS issued a policy document (Leasing Alert) titled, "Strategic Direction on Lease Terms During and Following the COVID-19 Pandemic." This document advises Lease Contracting Officers (LCOs) to use longer terms for agencies who submit long-term requirements, but recommends shorter lease terms for agencies with continuing space needs who are unable to commit to long-term space requirements. These shorter terms allow the client agency to determine their long-term needs, while considering the changes brought on by the COVID-19 pandemic.

To provide more flexibility in term setting, PBS also added a 10-year/5-year firm term option to its online "Automated Advanced Acquisition Platform" (AAAP) beginning in FY 2022. This new term will allow LCOs to leverage strategically a longer term, instead of an extension, when considering occupant agency requirements with uncertain future space needs. In addition to the 10-year/5-year firm term, AAAP maintains a 17-year/15-year firm, 15-year/13-year firm, and 10-year/8-year firm terms where appropriate.

Finally, GSA replaced the Simplified Lease Model tool as part of a corrective action plan for GAO's study entitled "GSA Leasing: Improving Stakeholder Outreach and Lease Model Evaluation Could Enhance Competition (GAO-20-181)." The Office of Leasing convened a task group to determine the underlying factors that caused low adoption of the simplified model and documented the findings. The findings were used to inform the development of the new Simplified Lease Acquisition Threshold (SLAT) model that was unveiled at the beginning of the last performance period. The effort has proven successful. The SLAT model was developed and deployed in one year and, as of the end of the FY 2021 performance period, was being used on 224 lease acquisitions.

Meeting the Operations and Maintenance Needs of Federal Buildings

We appreciate OIG's discussion of PBS's increasing deferred maintenance backlog and related concerns regarding its oversight and management of its operations and maintenance contracts. Unfortunately, for the past decade, funding shortfalls have hindered PBS's ability to make timely and critical investments in Federally owned GSA-controlled facilities that would keep these facilities safer for Federal employees and in a good state of repair. Over this time period, PBS has received appropriations of NOA totaling less than 60% of the funds generated by its operations and collected from occupant agencies for capital investments; these funds are needed to reinvest to keep those federally owned facilities in a good state of repair. Funding shortfalls have and will continue to force PBS, despite consistently considering deferred maintenance in its investment decision-making process, to address liabilities selectively that either are borne from or exacerbated by chronic underfunding by Congress.

PBS has implemented a "Strategic Acquisition for Quality Services" program with the objective of improving the planning, procurement, and administration of facilities management service contracts, including O&M services, by developing a targeted plan for replacement of existing contracts with quality vendors at appropriate costs. This program will enable GSA to maintain consistent and reliable levels of service.

GSA believes that the most effective way to manage our vast real estate portfolio is for Congress to provide GSA with access to all revenues and collections deposited annually into the FBF. Consistent and sustained funding is vital to maintaining the long-term health, safety, and efficiency of these important public assets.

Administering GSA's Capital Construction Program

OIG has identified the use of construction management (CM) services and the administration of Construction Manager as Constructor (CMc) contracts as a management challenge. Construction management is rooted in traditional project management processes and requires a unique body of skills and professional knowledge to perform successfully. PBS considers construction managers an integral part of project delivery and has established internal controls to minimize the risk associated with this management challenge. These internal controls include:

- CM Statement of Work templates have been created to provide greater detail and clarity on the roles and responsibilities of the CM throughout the design and construction phases.
- A COR Guidebook has been developed to better articulate government responsibilities and will be released to PBS regional teams in November 2021.
- Responsibilities for acquisition professionals, including for CORs, have been clarified and reinforced with the use of certification requirements and tools to enhance consistency.
- Training to ensure compliance with the P120 Cost and Schedule Management Policy, which identifies that inherently governmental work related to cost estimates is performed by a government employee.

- On January 21, 2020, the General Services Acquisition Regulation was amended to include CMC as a formal federal delivery method. Part of GSA's implementation of CMC includes a price evaluation.
- Development of EASi for contract files and data management, which enables GSA to maintain contract files properly.
- The Procurement Management Review (PMR) Division has also conducted a special transactional review of all PBS regions, with a focus on CM. As a result of the PMR and OIG studies, PBS provided training sessions to address critical activities, including inherently governmental functions, relevant policies and processes. This training was delivered to regional COs, CORs, and project managers.

Ensuring Effective Management of Energy Savings Performance Contracts (ESPCs) and Utility Energy Service Contracts (UESCs)

ESPCs are long-term, high value contracts, and proper administration of these contracts and task orders is important. In response to OIG audit findings, PBS has implemented corrective actions. PBS issued revised guidance, "[Updated Instructional Memorandum Outlining Roles, Responsibilities, Administration and Reporting Requirements for Energy Savings Performance Contracts](#)," on November 13, 2020, to address OIG's audit findings concerning operations and maintenance savings and witnessing, as well as outlining roles and responsibilities for contract administration and annual savings evaluations. PBS continues to monitor contract performance; identify and recover contractual savings shortfalls; and is establishing processes to verify that ESPC contract files include key documentation. Additionally, PBS has created a position within the Office of Facilities Management to improve oversight of ESPCs.

PBS recognizes the importance of working to ensure savings are delivered through internal accounting of ESPCs and is working to do that, where appropriate, as it administers ESPCs going forward. Additionally, PBS is also in the process of strengthening guidance and controls for UESCs in early FY 2022 to help confirm that UESCs are cost effective.

Challenge 5: Managing Agency Cybersecurity Risk

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

This fiscal year, GSA closed all prior year OIG FISMA audit findings, improved in 10 FISMA metrics with moving up to a Level 5 "Optimized" in the Detect Cybersecurity Domain and Information Security Continuous Monitoring area, and GSA's Cybersecurity Program continued to maintain an overall "Effective" rating under the OIG's current ratings method.

Controlling Access to GSA Systems and Sensitive Information

OIG's reported cybersecurity challenges in this area relate to an increased need for GSA to control access to sensitive information available on its network and maintained in GSA-owned systems. GSA has met that challenge with respect to (1) previously reported OIG threats to GSA personnel, facilities, and automated systems with classified and controlled unclassified information from insider threats; (2) exposures of sensitive information — including personally identifiable information — and inappropriate access in GSA HR systems; and (3) personally identifiable information, including

social security numbers and dates of birth, associated with approximately 600,000 active PIV cards and credentials.

GSA has taken numerous actions to correct the issues identified in A190016, Audit of GSA's Insider Threat Program, beginning with creating the Insider Threat Program (ITP) HUB Working Group, which includes members from every GSA Service and Staff Office and Region. Since its inception, the ITP HUB has created a charter to address all insider threat issues at GSA and developed an instructional letter with updates to current policy. A revised GSA Order reflecting these new ITP HUB responsibilities and other updates is also being developed and the annual Insider Threat report was submitted to the GSA Administrator.

GSA has issued, or has under development, policies and procedures addressing insider threat risks from employee separations and terminations. These address issues such as the timely deactivation of IT access and the collection of GSA-issued personal property and GSA access cards. Any anomalies are now reported to ITP. Moreover, there is a process in place to ensure that accounts for users separated from GSA are removed within 30 days of separation. Where the 30 days timeline is missed, it is most often due to human error. The agency is planning to partially or fully automate this process of termination by FY 2022.

GSA has made significant enhancements in the testing and user acceptance process of its human resource system, HR Links, with a key focus on data integrity and security. GSA has increased the level of testing efforts to mitigate any potential exposures of sensitive information. The agency has also codified change management processes to regression test its application environment to ensure no new information exposures have surfaced due to new roles or functional changes. Any new roles or functionality are assessed for user function and validation of need. This has led directly to increased improvement of functional requirement testing, minimization of release defects, and validation of both data and security integrity.

The USAccess program office implemented a remediation plan to ensure vulnerabilities are managed timely and the vendor is held accountable. The program implemented the following actions:

- Updated the Quality Assurance Surveillance Plan to include GSA IT Security policy standards as a service level agreements and remediation timelines for managing vulnerability.
- Initiated a biweekly meeting between the program office and GSA IT information system security manager to discuss system vulnerabilities and remediation progress.
- Initiated vulnerability metrics reporting at the monthly vendor program management meeting.
- Required the vendor to provide a plan to address risks and vulnerabilities that cannot be remediated in 90-days within 14-days of identification of said risks or vulnerabilities, submitting an "acceptance of risk" request.
- Developed an inspection template for monthly surveillance of vulnerability management.

Prioritizing Cyber Supply Chain Risk Management

GSA recognizes that every part of the agency is operating in a world of ever-increasing supply chain risks as it relies more on information and communications technology (ICT), and as adversaries become more sophisticated. To manage supply chain risks, GSA must act as an enterprise to prioritize its investments in the integrity, quality, security, and resilience of its supply chains and of the products and services it procures, delivers, sells, and uses.

To continue to address GSA's cybersecurity and supply chain risks, and as mentioned previously, GSA has asked OIG for assistance. Specifically, GSA has requested that OIG explore auditing

contractor compliance with GSA's cybersecurity controls because GSA has identified that contractor compliance with its cybersecurity controls, including FAR policies (especially Section 889 of the John S. McCain National Defense Authorization Act (NDAA) for FY 2019) and GSA IT requirements, is a risk.

On April 13, 2021, the Acting GSA Administrator, at the recommendation of GSA's Supply Chain Risk Management (SCRM) Executive Board, adopted [GSA's Enterprise-Level Cyber-SCRM Strategic Plan](#). The plan adopted three Cyber-SCRM (C-SCRM) strategic objectives, and GSA C-SCRM work in FY 2021 and planned work in FY 2022 largely falls under those objectives.

In support of Strategic Objective 1, **Address GSA's Highest Enterprise-Level Supply Chain Risks**, in FY 2021, GSA updated GSA IT guides ([CIO-IT Security-09-48](#) and [CIO-IT Security-06-30](#)) to align to [National Institute of Standards and Technology \(NIST\) Special Publication \(SP\) 800-53 Rev. 5](#) and to add GSA-specific organizational ICT SCRM requirements for inclusion in contracts, tailored to the type of contract and business needs. GSA also reviewed GSA's four contractor-managed Federal Information Security Management Act-designated (FISMA-designated) "high impact" and 23 contractor-managed Government-wide FISMA-designated "moderate impact" systems to ensure contract terms enable GSA to enforce revised NIST and GSA IT policies. In FY 2022, GSA plans to update GSA's four "high impact" and 23 Government-wide "moderate impact" system security plans with new SCRM controls, implement those controls, and assess and re-authorize those systems.

In support of Strategic Objective 2, **Further Mature GSA's Acquisition Workforce's Awareness of and Capabilities to Manage Supply Chain Risks**, in FY 2021, GSA created a GSA C-SCRM journey map and communications plan to raise awareness of C-SCRM requirements among GSA's acquisition workforce; partnered with GSA's 18F to create an action-oriented path analysis of C-SCRM focus areas, including the best ways to communicate C-SCRM and provide C-SCRM tools to GSA's acquisition workforce; and established procedures for considering SCRM in GSA contracts, including guidance on [NIST SP 800-171](#) assessments and language from [GSA Acquisition Letter MV-20-10 \(GSAM Case 2021-G512\)](#). Related to this objective, GSA's Federal Acquisition Institute also developed and deployed a new training course, [FAC 093: Introduction to Supply Chain Risk Management](#), for the Federal acquisition workforce.

Numerous activities are planned to support this objective in FY 2022, including:

- Finalizing procedures for reviewing and incorporating requirements into GSA Information Systems ([GSAR Case 2016-G511](#))
- Continuing work under the communications plan to raise awareness of C-SCRM requirements among GSA's acquisition workforce
- Updating C-SCRM site on GSA's Acquisition Portal
- Streamlining GSA's Cyber-Supply Chain Event response and reporting and SCRM Review Board procedures
- Making the Federal Acquisition Institute's new training course, FAC 093: Introduction to Supply Chain Risk Management, a mandatory continuous learning requirement for all of GSA's acquisition workforce
- Exploring contractual language to combat ransomware

The plan's third Strategic Objective is to **Standardize GSA's Key Operational (Tier 2) C-SCRM Plans**. At GSA, the key Tier 2 areas of focus are:

- Detecting counterfeit and compromised ICT products
- Responding to C-SCRM incidents and sharing C-SCRM information

- Adding C-SCRM to cloud services
- Addressing C-SCRM for drones

To support this objective, GSA piloted a software security testing technique for select software products and shared information with GSA OIG regarding contractors that have repeatedly listed Section 889-prohibited equipment for sale on GSA Advantage. GSA also established policies and procedures for coordinating supply chain incident response for GSA IT and GSA-procured systems and for sharing information with the Federal Acquisition Security Council ([GSAM Case 2021-G511](#)); evaluated the results of a vendor risk assessment tool pilot; and extended new strategies to other GSA ICT supply chains, including products, software, systems, and shared services (including cloud offerings). GSA also identified a lead organization to establish necessary C-SCRM controls and flight operation policy for drones used by GSA and issued [GSA Order Office of Administrative Services \(OAS\) 5615.1: GSA Unmanned Aircraft Systems \(UAS\) Policy](#).

In fiscal year 2022, GSA plans to conduct component-level device testing for compromised components or prohibited vendors for five devices (that is, low-level integrity tests to detect counterfeit and compromised ICT products), create a GSA IT knowledge book to assist with intake of GSA Cyber-Supply Chain Event reports, and issue a Senior Procurement Executive memorandum further explaining the GSA acquisition workforce's role in following [GSA Order OAS 5615.1: GSA Unmanned Aircraft Systems \(UAS\) Policy](#).

In addition to the efforts under GSA's Enterprise-Level C-SCRM Strategic Plan, GSA also plans to continue supporting the Administration's cybersecurity and supply chain priorities, including the EOs on [Improving the Nation's Cybersecurity](#) and [America's Supply Chains](#) and any new Federal Acquisition Regulations.

Challenge 6: Safeguarding Federal Facilities and Providing a Secure Work Environment

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 working to evaluate and continuously improve GSA programs related to safety and security in Federal workplaces.

GSA Access Cards

GSA's Office of Mission Assurance is actively working with Service and Staff Offices to ensure all COs and CORs are aware of their responsibilities for collecting expired or terminated GSA access cards and accurately updating the status of their assigned contractors in the GSA Credential and Identity Management System. Since OIG released A190085, GSA's Mismanagement of Contract Employee Access Cards Places GSA Personnel, Federal Property, and Data at Risk, GSA has significantly strengthened controls over the monitoring and collecting of GSA access cards. GSA has also implemented new procedures to automatically notify COs/CORs when a contractor's GSA access card is made inactive and inform COs/CORs of upcoming contract end dates and the need to collect contractor GSA access cards. COs, after performing due diligence, have the authority to begin retrieving outstanding GSA access cards using the following remedies: contractor Performance Assessments, delay of final payment, recommendation to the Agency Suspension and Debarment Official for consideration of administrative action, and contract termination. When a GSA access card cannot be recovered, despite GSA's efforts to collect the card, COs/CORs are now required to report the issue to FPS.

GSA's Enforcement of Security Protocols

GSA takes seriously its responsibility, in partnership with DHS, for the safety and security at all GSA-controlled facilities. GSA has instituted stronger controls to ensure ongoing attention is given to the safety and security of the referenced high-risk facility. GSA has implemented several reviews of building security including:

- Partnering with the DHS Cybersecurity & Infrastructure Security Agency (CISA) to conduct all-hazards Infrastructure Survey Tool assessment of the building. The CISA facility-specific assessment is being conducted at the request of GSA.
- Conducting a comprehensive operational, infrastructure, fire and life-safety review with future quarterly inspections planned to identify any issues or concerns related to fire and life-safety.
- Partnering with FPS to institute better internal controls, including random quality assurance checks of contract security officer services and a review of security vulnerabilities related to contract guard performance, the video surveillance system, intrusion detection system, entry screening, and other items that require FPS involvement and oversight.

Additionally, GSA has implemented procedures to confirm that future safety and security protocols are followed at this facility, including developing a Facility Security Plan, updating the building Occupant Emergency Plan, and training employees on security procedures. Lastly, GSA has taken administrative actions, including a management review, to address contractor and employee behavior and institute new management of the building.

Security at GSA Child Care Centers

FPS conducted comprehensive assessments to identify security vulnerabilities at each child care center located in a GSA-controlled facility. GSA is coordinating with each Facility Security Committee (FSC) for approval and funding of outstanding countermeasures. GSA is committed to addressing the proposed countermeasures where it is responsible for decision making and funding, and is working with sponsoring agencies to facilitate action to fund and implement upgrades for which they are responsible. If other agencies or FSCs decline to fund a countermeasure, GSA will consider options to mitigate risk, including implementing the countermeasure, relocating a child care center, or closing a child care center.

GSA requested funding as part of its FY 2022 budget to address child care security vulnerabilities. Additionally, GSA 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 facilities with child care centers. GSA also updated child care inspection procedures to assess security equipment and review Facility Security Assessments.

Challenge 7: Managing Presidential Initiatives

The Biden-Harris Administration has issued several EOs to fulfill urgent public policy objectives. GSA is fully committed to advancing these important goals and is taking a leadership role in the fight against the COVID-19 pandemic, strengthening the economy by maximizing purchases of American-made products, addressing the climate crisis by reducing the federal carbon footprint, and advancing equity through our high-impact services to the rest of government and to the American people. GSA will continue to fully support these public policy objectives within a framework including satisfying customers' mission needs, best value optimized acquisitions, business integrity, and fairness and openness. GSA recognizes the challenge and will continue to implement all of the EOs with these perspectives in mind.

EO 13985 – Advancing Racial Equity and Support for Underserved Communities Through the Federal Government

Through the issuance of EO 13985 and related policies, the Biden-Harris Administration seeks to advance its priority of investing in our country and historically underserved communities by creating good jobs, lowering costs that hold back families, and building an economy of the future that works for everyone. GSA plays an important role in implementing this policy priority, especially through:

- FAS's work to advance innovations that help Small Disadvantaged Businesses (SDBs) gain better access and find more success in federal contracting vehicles;
- OGP's work with the Domestic Policy Council (DPC), OMB, and other federal agencies to examine whole-of-government pathways to improve equity in procurement policy and practices;
- The Office of Small Disadvantaged Business Utilization (OSDBU) work on engaging stakeholders and providing training opportunities for SDBs, underserved business communities, and the acquisition workforce to advance equity in procurement.

EO 14005 – Ensuring the Future Is Made in All of America by All of America's Workers

Through issuance of EO 14005 and related policies, the Biden-Harris Administration seeks to advance its priority of ensuring that when the government spends American taxpayers' dollars, it supports American workers and businesses. GSA plays an important role in implementing this policy priority, especially through:

- OGP's role on the Federal Acquisition Regulatory Council to set government-wide policy for acquisitions across the executive branch to ensure compliance with this EO;
- FAS's work with OMB to develop a public website to provide transparency around proposed waivers and waivers granted by agencies regarding Made in America Laws as defined in the EO; and
- FAS's work to ensure that the agency's acquisition vehicles comply with requirements in the EO through both training and enabling compliance through easy-to-use tooling for COs.

EO 14008 – Tackling the Climate Crisis at Home and Abroad

Through the issuance of EO 14008, the Biden-Harris Administration seeks to advance its priority of confronting the climate crisis by increasing resilience to the impacts of climate change and building a clean energy future.

- GSA is ensuring the review of the progress made towards the goals and the development of any necessary guidance needed. GSA has established an enterprise-wide approach for climate actions and fosters collaboration and information sharing in order to execute agency climate deliverables and goals.
- GSA will aggregate the demand for Zero Emission Vehicles (ZEV) and work to achieve favorable pricing and alignment with market availability of makes and models. GSA is also engaging with industry on the latest technologies available for Electric Vehicle Supply Equipment (EVSE) to help streamline the procurement process to help agencies get what they need to meet EVSE requirements to deploy ZEVs.
- GSA is committed to monitoring the long-term performance of building improvements by using both internal measures and industry wide metrics. GSA centrally tracks and manages sustainable buildings at both the national and regional levels.

GSA continues to explore additional avenues for implementing these Biden-Harris Administration policy priorities.

Challenge 8: Managing the Impact of COVID-19

GSA faces significant challenges responding to the ongoing COVID-19 pandemic.

GSA considers the health and safety of occupants in GSA-controlled space as its highest priority. GSA facilities have largely remained open for agencies to conduct mission-critical work, and GSA has adapted its processes and policies to be in alignment with the Centers for Disease Control and Prevention (CDC). Since the first COVID-19 incident in GSA-controlled space was reported on March 9, 2020, GSA has responded to over 18,000 COVID-19 incidents across more than 900 Federally owned and 2,300 leased facilities. GSA follows and implements guidelines issued by the CDC, the Occupational Safety and Health Administration and the Safer Federal Workforce Task Force to mitigate COVID-19 risks for building occupants.

GSA has taken aggressive steps to keep employees who work in GSA-controlled spaces safe. For example, at the onset of the pandemic, GSA updated custodial contracts to clean and disinfect Federal workplaces in accordance with CDC guidelines and has continued to update those contracts as those guidelines have changed over time. GSA also adjusted its heating, ventilation and air conditioning (HVAC) operations to increase ventilation and improve air filtration. The agency has modified more than 4,500 lease agreements to account for more stringent cleaning requirements. GSA has procured supplies, such as hand sanitizer, cleaning and disinfecting solutions, and personal protection equipment, to equip our contractor partners with the required items to best manage and mitigate the spread of COVID-19, and to provide all individuals using and occupying GSA-controlled space with access to a safe and healthy space and work environment. The agency has prioritized daily cleaning and, as necessary, disinfection; provided a notifications process for suspected or confirmed COVID incidences; promoted proper hygiene practices; provided appropriate facility signage; and required physical distancing and the wearing of masks, in accordance with CDC guidance.

Implementing Guidance for GSA Facilities to Return to Work

GSA co-chairs the Safer Federal Workforce Task Force, created by EO 13991 on Protecting the Federal Workforce and Requiring Mask-Wearing (January 20, 2021), with OMB and the Office of Personnel Management. GSA continues to implement the Task Force's guidance for our Federally owned and leased facilities under the agency's jurisdiction, custody, or control. [This guidance](#) includes COVID-19 vaccination requirements for executive branch employees and covered contractor employees, which GSA is in the process of implementing. GSA is working with client agencies to determine what impact the pandemic will have on their long-term space needs.

A crucial aspect of a successful return to the office is engaging the entire organization in the workplace change. GSA developed the [Activity Based Planning publication](#) to assist agencies with their return to the workplace planning efforts, which describes research tools, such as surveys and focus groups, for understanding workforce and workplace factors, as well as workplace engagement processes that Federal agencies can use to achieve meaningful workplace change. As with the [Safer Workplace Strategy Book](#), GSA's workplace engagement approaches and tools are continually updated in response to changing conditions. In the current pandemic environment, it includes a thorough assessment of critical hybrid workforce drivers through the Workplace 2030 project.

Effective Communication and Response for COVID-19 Incidents

GSA follows CDC guidelines and appreciates the work of OIG to evaluate GSA's actions. In response to the OIG audit, GSA took immediate action, including implementing new policies, strengthening internal controls, and providing additional training to employees.

As a result of the audit, GSA:

- Revised the notification process for COVID-19 incidents to articulate occupant agency responsibilities clearly, and made occupant agency points of contact aware of those responsibilities.
- Implemented a new process for reporting, tracking, and closing COVID-19 incidents in GSA-controlled facilities.
- Published inspection checklists for Federally owned and leased facilities, for mandatory use when inspecting cleaning and disinfection after a COVID-19 incident.
- Directed our facility managers to review the custodial contractor's Pandemic Plan and Quality Control Plan to verify those plans meet new contract requirements for cleaning and disinfection. If the plans were not adequate, facility managers were directed to inform the vendor that the plan needed to be revised and work with the vendor until the plans were acceptable. Once those plans were accepted, facility managers were directed to review the Government's Quality Assurance and Surveillance Plan and make any necessary adjustments.
- Published step-by-step incident management procedures for use by facility managers and lease administration managers.

Ventilation and Air Filtration

In response to the pandemic, GSA has adjusted its HVAC operations to increase ventilation and improve air filtration. Air filtration has been evaluated; air filters have been improved to higher MERV ratings to the extent possible without reducing air flow and ventilation; and filter banks have been sealed to prevent air from bypassing the filters. HVAC now runs 2 hours before and 2 hours after occupancy hours, providing additional ventilation. Ventilation has been increased, where possible, and demand-controlled ventilation, which reduces ventilation proportional to the building occupancy, has been turned off, so that the ventilation operates at the maximum level. Additionally, GSA is using a portion of the funds appropriated to the FBF by the Coronavirus Aid, Relief, and Economic Security Act (P.L. 116-136, 134 Stat. 281,531) to make HVAC enhancements at the facilities where they are most needed.

The CDC filtration requirements of the April 7, 2021, COVID-19 [Employer Information for Office Buildings](#), stated, as follows: "Improve central air filtration:

- Increase air filtration to as high as possible without significantly diminishing design airflow.
- Inspect filter housing and racks to ensure appropriate filter fit and check for ways to minimize filter bypass."

CDC calls for improvements in filtration performance to the extent possible with the existing HVAC systems, not to any specific minimum level of filtration efficiency.

Water Quality

GSA fully recognizes the potential risks from consuming drinking water from infrequently used plumbing systems or in buildings experiencing long periods of low or no occupancy. After consulting with drinking water experts at the U.S. Environmental Protection Agency (EPA), GSA issued drinking water guidance that addresses the issues recognized by CDC. The guidance for Federally

owned facilities, issued in May 2020 and updated in October 2020, requires weekly flushing of all drinking water plumbing systems. Testing for hot water temperature and chlorine treatment levels are conducted to verify that the flushing is maintaining fresh water throughout the buildings. The required flushing and testing protocol will continue until agencies re-enter the buildings and water usage returns to pre-pandemic levels. Flushing and testing will be slowly tapered for instances where building re-entry is gradual.

GSA also sent advisory communication to lessors advising them to follow CDC and EPA guidance for maintaining fresh water in their leased buildings during low occupancy at the same time the guidance for Federally owned facilities was issued.

SUMMARY OF FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCES (UNAUDITED)

Table 1 Summary of Financial Statement Audit						
Audit Opinion	Unmodified					
Restatement	No					
	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					
	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					
	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 conform to financial management system requirements					
	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total non-compliance	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 compliance noted		
2. Applicable Federal Accounting Standards	No lack of compliance noted			No lack of compliance noted		
3. USSGL at Transaction Level	No lack of compliance noted			No lack of compliance noted		

PAYMENT INTEGRITY (UNAUDITED)

Background

The Payment Integrity Information Act of 2019 updated existing improper payments statutes, which establish requirements for Federal agencies to cut down on improper payments. For purposes of implementation, all program outlays will fall in one of three possible payment type categories: proper payment, improper payment or unknown.

At a high level, a payment is 'proper' if it was made to the right recipient for the right amount, where as an improper payment generally includes payments made in an incorrect amount or to the wrong recipient. For instances where an agency is unable to determine whether the payment falls into the proper or improper category that payment is considered an 'unknown' payment.

Improper payments fall into one of two categories: (1) improper payments resulting in a monetary loss or (2) improper payments that do not result in a monetary loss.

The Office of Management and Budget (OMB) requires agencies to report on improper payments. Detailed information on the U.S. General Services Administration's (GSA) payment integrity in this and previous fiscal years can be found on [PaymentAccuracy.gov](https://www.gsa.gov/transactional-integrity). This website features annual improper payment data sets, program scorecards, and frequently asked questions relating to improper payments.

OMB also 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. Therefore, OMB has exempted GSA from high-risk improper payment reporting in FY 2021.

Payment Recapture Audit Program

OMB Circular A-123, Appendix C, requires Federal agencies to conduct payment recapture audits for all programs and activities that expend \$1 million or more annually if conducting the audit is cost-effective for the agency. GSA has contracted a payment recapture auditor for this effort.

The purpose of the payment recapture audit is to identify and recover overpayments. GSA's 2021 payment recovery audit report did not include any recommendations for corrective action; however, the report did identify the broker commission/free rent credit as the largest category of rent overpayments and tax bills/refunds not being submitted as the largest category of real estate tax overpayments.

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, and failure to timely terminate the lease. 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 the improper determination of which line items of the tax bill GSA is required to pay.

GSA reviews the Rental of Space program annually to detect errors, recover overpayments, and identify opportunities for process improvement. This review includes an analysis of leasing 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. GSA establishes claims to recapture overpayments in accordance with the Debt Collection Improvement Act of 1996. GSA also conducts annual audits

of its lease files, which includes verifying that tax bills were submitted to GSA. If any bills are missing, GSA retrieves the bill and conducts an analysis to determine if GSA is owed money through the claim process.

OTHER GSA STATUTORILY REQUIRED REPORTS (UNAUDITED)

Debt Management

The U.S. General Services Administration (GSA) reported \$136 million of outstanding debt from non-federal sources, subject to the Debt Collection Improvement Act of 1996 (DCIA). Of that amount, \$15.4 million, or 11 percent, of the outstanding debt was delinquent at the end of fiscal year (FY) 2021. 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. Department of Treasury's Bureau of the Fiscal Service for cross-servicing collection. During fiscal year (FY) 2021, GSA managed collections of non-federal claims valued in excess of \$636 million of which \$9.1 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 (PPA), along with the DCIA, requires the timely payment of commercial obligations for supplies and services using electronic funds transfer. In FY 2021, GSA paid interest of \$87,140 on disbursements subject to the PPA of \$26.8 billion, or \$3.25 in interest per million disbursed. The statistics for the current and preceding 2 fiscal years are:

	2019	2020	2021
Total Number of Invoices Paid	2,090,857	2,071,217	2,017,941
Total Dollars Disbursed (in billions)	\$22.51	\$26.32	\$26.78
Total Dollars of Interest Penalties	\$599,850	\$164,472	\$87,140
Interest Paid per Million Disbursed	\$26.65	\$6.25	\$3.25
Percentage of Invoices Paid-On-Time	99.7%	99.8%	99.9%
Percentage of Invoices Paid Late	0.3%	0.2%	0.1%
Percentage of Invoices Paid Electronically	99.2%	99.8%	99.9%

CIVIL MONETARY PENALTIES INFLATION ADJUSTMENT (UNAUDITED)

The Federal Civil Penalties Inflation Adjustment Act of 2015 requires agencies to increase the dollar amount of civil penalties consistently to maintain their deterrent effect. The penalty and the applicable authority identified for adjustment in accordance with the act are listed below:

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
40 U.S.C. 121 (c); 31 U.S.C 3809	Program Fraud Civil Remedies Act	1986	2021	Maximum of \$11,400 for each false, fictitious, or fraudulent statement	U.S. General Services Administration	86 FR 21948 May 26, 2021

ACRONYMS AND ABBREVIATIONS

4P Tool	Price Point Plus Portal	DHS	Department of Homeland Security
AAAP	Automated Advanced Acquisition Platform	DM&R	Deferred Maintenance and Repairs
AAS	Assisted Acquisition Services	DOL	U.S. Department of Labor
ADA	Antideficiency Act	DPC	Domestic Policy Council
AECM	Acquisition Excellence Composite Metric	EASi	Electronic Acquisition System Integration
AFR	Agency Financial Report	EIS	Enterprise Infrastructure Solution
ANPR	Advance Notice of Proposed Rulemaking	EO	Executive Orders
API	Application Programming Interface	EOP	Executive Office of the President
ASF	Acquisition Services Fund	EPA	U.S. Environmental Protection Agency
BAT	Building Assessment Tool	ERSI	Enterprise Risk and Strategic Initiatives
C-SCRM	Cyber-Supply Chain Risk Management	ESCO	Energy-Service Companies
CALC+ Tool	Contract Awarded Labor Category Plus Tool	ESPC	Energy Savings Performance Contracts
CARES Act	Coronavirus Aid, Relief, and Economic Security Act	EVSE	Electric Vehicle Supply Equipment
CBCA	Civilian Board of Contract Appeals	FAC	Federal Acquisition Council
CD	Class Deviation	FAR	Federal Acquisition Regulation
CDC	Centers for Disease Control and Prevention	FAS	Federal Acquisition Service
CFO	Chief Financial Officer	FASAB	Federal Accounting Standards Advisory Board
CISA	Department of Homeland Security Cybersecurity & Infrastructure Security Agency	FASC	Federal Acquisition Security Council
CM	Construction Management	FBF	Federal Buildings Fund
CMc	Construction Manager as Constructor	FBwT	Fund Balance with Treasury
CO	Contracting Officer	FCI	Facility Condition Index
COE	Centers of Excellence	FCSF	Federal Citizen Services Fund
COR	Contracting Officer Representative	FDA	Food and Drug Administration
CSBR	Combined Statements of Budgetary Resources	FECA	Federal Employees' Compensation Act
CSRS	Civil Service Retirement System	FedRAMP	Federal Risk and Authorization Management Program
CXO	GSA Mission Support Offices	FEMP	U.S. Department of Energy Federal Energy Management Program
DATA Act	Digital Accountability and Transparency Act of 2014	FERS	Federal Employees Retirement System
DCIA	Debt Collection Improvement Act of 1996	FFATA	Federal Financial Accountability and Transparency Act of 2006

FFMIA	Federal Financial Management Improvement Act of 1996	MAS	Multiple Award Schedule
FIBF	Federal Integrated Business Framework	MCOC	Management Control and Oversight Council
FISMA	Federal Information Security Management Act	MERV	Minimum Efficiency Reporting Value
FIT	Furniture and Information Technology program	MSO	Managed Services Office
FMFIA	Federal Managers' Financial Integrity Act of 1982	NCR	National Capital Region
FPS	Federal Protective Service	NDAA	National Defense Authorization Act
FSC	Facility Security Committee	NIST	National Institute of Standards and Technology
FSS	Federal Supply Schedules	NOA	New Obligational Authority
FY	Fiscal Year	O&M	Operations and Maintenance
GAAP	Generally Accepted Accounting Principles	OA	Occupancy Agreement
GAO	Government Accountability Office	OAS	Office of Administrative Services
GS&S	General Supplies and Services	OCE	Office of Customer Experience
GSA	U.S. General Services Administration	OCFO	Office of the Chief Financial Officer
GSA IT	Office of GSA's Chief Information Officer	OCIA	Office of Congressional and Intergovernmental Affairs
GSA OIG	General Services Administration Office of Inspector General	OCR	Office of Civil Rights
GSAM	General Services Administration Acquisition Manual	OGC	Office of General Counsel
GSAR	General Services Administration Acquisition Regulation	OGP	Office of Government-wide Policy
GTAS	Government-wide Treasury Account Symbol Adjusted Trial Balance System	OHRM	Office of Human Resources Management
GWAC	Governmentwide Acquisition Contracts	OIG	Office of Inspector General
HCA	Heads of Contracting Activities	OMA	Office of Mission Assurance
HR	Human Resources	OMB	Office of Management and Budget
HVAC	Heating, Ventilation, and Air Conditioning	OPM	Office of Personnel Management
ICAM	Identity, Credential and Access Management	OSC	Office of Strategic Communication
ICT	Information and Communications Technology	OSDBU	Office of Small and Disadvantaged Business Utilization
IGCE	Independent Government Cost Estimate	P3	Public Private Partnerships
IOA	Industrial Operations Analyst	PBS	Public Buildings Service
IT	Information Technology	PBS Region 2	PBS's Northeast and Caribbean Region
ITP	Insider Threat Program	PIV	Personal Identity Verification
LCO	Lease Contracting Officers	PMR	Procurement Management Review
MAC	Multi-Agency Contract	PP&E	Plant, Property and Equipment

PPA	Prompt Payment Act
PSHC	Professional Services and Human Capital
QASP	Quality Assurance Surveillance Plans
R&A	Repairs and Alterations
RAFT	Risk Assessment for Transition
RC	Regional Commissioners
RO	Requesting Officials
RPA	Robotics Process Automation
SAP	System Applications and Products
SAQS	Strategic Acquisition for Quality Services
SBOM	Software Bill of Materials
SCRM	Supply Chain Risk Management
SDB	Small Disadvantaged Business
SF 133	Reports on Budget Execution and Budgetary Resources
SFFAS	Statement of Federal Financial Accounting Standards
SINs	Special Item Numbers
SLAT	Simplified Lease Acquisition Threshold
SME	Subject Matter Expert
SSA	Social Security Administration
TDR	Transactional Data Reporting
TEA	Transition Engineering Assistance
TMF	Technology Modernization Fund
TSP	Thrift Savings Plan
TTL	Travel, Transportation and Logistics
U.S.	United States of America
U.S.C.	United States Code
UAS	Unmanned Aircraft Systems
UEI	Unique Entity Identifier
UESC	Utility Energy Service Contracts
USSGL	U.S. Standard General Ledger
VPP	Verified Products Portal
WCF	Working Capital Fund
ZEV	Zero Emission Vehicle

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To each of you who contributed your time, expertise, and insight to compiling and producing this year's AFR: thank you. Without you, we could not have demonstrated the U.S. General Services Administration's commitment to prudent financial management and stewardship of the resources entrusted to us by the American people.

The FY 2021 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.

Our AFR was led by the Office of Financial Management, whose year-round efforts to compile the GSA's financial statements and accompanying notes, monitor internal controls, and manage the financial statement audit position GSA to be an effective and responsible steward of public funds.

I would like to extend my appreciation to the following offices for their support and leadership:

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Federal Acquisition Service

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Kind regards - Gerard E. Badorrek, GSA CFO

ENDNOTES

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As the agency responsible for more than 370 million square feet of workspace and over 226,000 vehicles for the federal government, GSA is working to advance the deployment and adoption of climate - ready buildings, vehicles, products and services.

**Administrator Carnahan
September 21, 2021**



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