U.S. General Services Administration

2022

Agency Financial Report

Adapting to Our Changing World

GSA Websites

MAIN SITE
www.gsa.gov

TECHNOLOGY
www.gsa.gov/technology

ACQUISITION
www.gsa.gov/acquisition

TRAVEL RESOURCES
www.gsa.gov/travel-resources

REAL ESTATE
www.gsa.gov/real-estate

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

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

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

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

Join the Conversation

www.facebook.com/gsa

www.twitter.com/usgsa

www.youtube.com/usgsa

www.instagram.com/usgsa

www.gsa.gov/blog

Table of Contents

Brief Overview of the AFR (Unaudited)

The purpose of the U.S. General Services Administration's (GSA) fiscal year (FY) 2022 Agency Financial Report (AFR) is to inform the President, Congress, and the American people how GSA used Federal resources in FY 2022 to reliably deliver the best customer experience and value in real estate, acquisition, and technology services to the Government and the American people. 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 2022 and will post both reports on GSA.gov under Annual Reports.

This AFR provides high-level financial analysis and highlights performance results through assessments of controls, a summary of challenges, and 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 in February 2023.

How this Report is Organized

This AFR provides financial and performance information for the fiscal year beginning October 1, 2021, and ending on September 30, 2022, 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)
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)
3	The Independent Auditors' Report
4	Consolidated Financial Statements
5	Notes to the Financial Statements
6	Consolidating Financial Statements
7	Required Supplementary Information (Unaudited)

	Other Information (Unaudited)
1	Inspector General's Assessment of Management and Performance Challenges
2	GSA Response to the Inspector General's Assessment of Management and Performance Challenges
3	Summary of Financial Statement Audit and Management Assurances
4	Payment Integrity
5	Other GSA Statutorily Required Reports
6	Civil Monetary Penalties Inflation Adjustment
7	Climate-Related Financial Risk
8	Acronyms and Abbreviations

Acknowledgments (Unaudited)

The U.S. General Services Administration appreciates everyone who contributed to the fiscal year 2022 Agency Financial Report (AFR). The AFR represents our agency's dedication to delivering on our mission to provide value and savings in real estate, acquisition, technology, and critical mission-support services across Government.

Our AFR could not have come together without the work of the Office of Financial Management. The office's year-round efforts to compile GSA's financial statements and accompanying notes, monitor internal controls and improper payments, and manage the financial statements audit empower GSA to be an effective and responsible steward of public funds.

Contributors			
Amanda Gallen	Ebonie Smith	Kai Terry	Robert Wendell
Amarilis Reyes Box	Edward Gramp	Katherine Sechler-Stephenson	Scott Wheeler
Andrea Stanley	Erik Dorman	Kathleen Smith	Shelly Slaven
Angela Evans	Evan Farley	Katherine Spivey	Stefanie Crane
April Pratt	Felicia Ford Jones	Kathy Hammer	Stephen Brockelman
Avery Collins	Gail Bruss	Katie Rooney	Steven Hoffman
Bob Smalskas	Gleason Rowe	Ken Kirtley	Sunil Mohanty
Cassandra Holman	Jared Leicht	Keriann Band	Terri Jackson
Claudine Schleicher	Jeff White	Maury Mungin	Teisha Jones
Courtney Moon	Jeffery Bowman	Mia Drane-Maury	Theresa Lewis
Dave Garza	Jose Malan	Natasha Schatzman	William Bezio
Deborah Mack	Josslyn Ideghe	Nathan Osburn	
Deborah Sanders	Joy Bendix	Phyllis Lam	

Sincerely,

Nimisha Agarwal
Chief Financial Officer

Understanding the Agency Financial Report and its Components (Unaudited)

If you have not read an Agency Financial Report (AFR) for a Government agency before, some of the terms may be confusing. This section will help you better understand the U.S. General Services Administration's (GSA) AFR. For more detailed definitions and information on Federal financial reporting, the Government Accountability Office offers a glossary of terms, the U.S. Department of the 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 Officers Act of 1990 requires GSA to prepare an annual report containing audited financial statements and a performance summary. 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 the financial and performance results of our major programs — and identifies factors that may affect the agency's operations. As discussed in the auditors' report (which is found in the financial section), 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 generally accepted accounting principles for Federal reporting.
    - 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 financial statements are presented in two slightly different formats. The first section is called the **Consolidated Financial Statements,** which displays the summarized GSA totals for the current fiscal year and the prior fiscal year, for comparison. After the financial notes, you see the same financial statements in an expanded view called the **Consolidating Financial Statements,** which display balances for the major GSA components, specify the amounts eliminated for activities between GSA components, and sum up to the GSA totals. The consolidating statements support OMB Circular A-136 requirements for the AFR to provide financial information associated with major programs. GSA defines the Public Buildings Service (PBS) and the Federal Acquisition Service (FAS) as our major programs. The independent auditor audits the PBS Federal Buildings Fund and the FAS Acquisition Services Fund and provides separate audit opinions on the financial

presentation of those funds, in addition to auditing the GSA agency as a whole (i.e., the consolidated financial statements).

- ◦ 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 the Government Accountability Office, 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 2022, 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 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.

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 is an appropriation?

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 is an obligation?

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 is an unobligated balance?

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.

Letter from the Administrator (Unaudited)

Robin Carnahan
GSA Administrator

The U.S. General Services Administration's (GSA) financial results for 2022 reflect the progress we've made toward making Government work better while providing great value to taxpayers, as President Harry Truman envisioned when he created our agency in 1949.

Our employees have worked across our priority areas (outlined below) to deliver effectively and efficiently for our customers, which includes our Federal agency partners and millions of people across our country. This year, that has meant responding to the pandemic, addressing the growing climate crisis, bolstering our technology offerings to better serve agencies and the public, and more.

Optimizing the Federal footprint. Our Public Buildings Service has more than 8,300 leased and federally owned assets, making GSA one of the largest landlords and tenants in the country. As agencies move toward more distributed and hybrid teams, the Federal Government is seeing more opportunities for cost savings and space efficiencies. As a result, we're working more closely with agencies than we ever have before.

Accelerating clean energy and innovation. GSA manages the largest civilian vehicle fleet in the country. We're working to electrify the fleet, as well as to build the infrastructure to support it. We're also advancing clean energy through our buildings portfolio, including through the new Inflation Reduction Act, which has historic investments for low carbon materials, emerging clean technology, and more.

Improving GSA websites and technology delivery. GSA helps agencies buy, build, and support critical technology tools, systems, solutions, and expertise to deliver for millions of Americans. We're continuously working to ensure GSA managed and other Government sites are accessible, secure, and well designed for every user. We focus on simplifying and strengthening digital delivery of Government services, and on expanding shared services to more Government partners at every level.

Making procurement easy. We're improving and simplifying how innovative businesses and agency buyers connect with each other, with a particular focus on expanding opportunities for small businesses and small disadvantaged businesses. In 2022, we helped agencies procure $87.5 billion in goods and services, and we want to help even more businesses grow and create jobs through the value they provide in the Federal marketplace.

Making GSA the best place to work. We're now ranked in the top five places to work in the Federal Government among midsize Federal agencies. GSA's outstanding employees work every day to make Government work for all people and customers in every community. Our teams are crucial in ensuring responsible stewardship of taxpayer dollars, which includes reporting waste, fraud, and abuse. We also prioritize providing high performing and inclusive workplace environments that empower all public servants to do their best work.

Our 2022 Financial Results

The Agency Financial Report (AFR) outlines GSA's accomplishments, the challenges we face, and management's accountability for our stewardship of taxpayer dollars.

The AFR also fulfills the requirements of OMB Circular A-136, Financial Reporting Requirements. As outlined in the Analysis of Systems, Controls, and Legal Compliance section of this report, GSA assessed how effective our internal controls over operations, systems, and reporting are.

As the Reports Consolidation Act of 2000 mandates, I've assessed the financial and performance data in this report and believe them to be complete and reliable except as otherwise reported in the Administrator's Statement of Assurance.

I'm proud of the GSA team and what we've accomplished in another unprecedented and difficult year. We 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 14, 2022

How GSA Benefits the Public (Unaudited)

In the face of a changing world, the U.S. General Services Administration (GSA) strives to make Government work better. We're leading in a number of ways: preparing for the workplace of the future, making access to Federal contracting more equitable, and much more. Our focus, every day, is on delivering an effective and efficient Government for all Americans.

GSA continues to evolve and adapt, leveraging our expertise and innovative thinking at every turn. Over the past year, our talented and diverse workforce continued to develop and implement human-centered, data-driven solutions — including those that address challenges like climate change and the global pandemic — and deliver the best customer experience and value in real estate, acquisition, and technology services.

Ensuring Federal Workplaces Evolve to Meet the Needs of the Future

GSA's Public Buildings Service (PBS) manages one of the nation's largest and most diverse real estate portfolios. As agencies across Government continue to adjust to a world transformed by COVID-19, PBS is helping shape the workplace of the future. GSA offers workspace services and solutions that allow agencies to more quickly respond to their current and emerging workplace needs. We also use the buying power of the Government to shape market trends and directly support the economic activity of local communities. This helps our partner agencies focus on their core missions and accelerates the Federal Government's transition to modern, efficient, and carbon-pollution-free facilities.

Recently passed legislation further supports our efforts. The Bipartisan Infrastructure Law provides GSA $3.4 billion for upgrades to dozens of border stations and land ports of entry. This will enhance border security, strengthen commerce and supply chains, and facilitate the efficient transportation of people and cargo. The Inflation Reduction Act provides GSA with an additional $3.4 billion in funding for GSA to invest in low-carbon materials for Federal construction projects, to support emerging technologies, and to convert more facilities into high-performance green buildings.

Our real estate activities provide a wide array of cost-saving, job-creating benefits across the country, for example:

- **Supporting local communities.** We completed a new $144-million U.S. Courthouse in San Antonio, which serves the needs of a fast-growing region. We also modernized a U.S. Department of Veterans Affairs clinic in Massachusetts, which can now serve and provide care to more veterans each year.
- **Realizing cost savings for the American people.** We converted a 150,000-square-foot vacant warehouse in Denver into a highly efficient, modern work environment for the U.S. Department of the Interior, saving taxpayers nearly $6 million a year. We also avoided nearly $6 million in future lease costs by reducing the rental footprint of the Internal Revenue Service in the Pacific Rim Region.
- **Facilitating public/private partnership.** We worked with U.S. Customs and Border Protection to manage more than a dozen public/private donation projects to improve the facilities at border stations.

New Federal courthouse in downtown San Antonio stands 3 stories and includes a 235,000-square-foot building with 8 courtrooms and 13 chambers (Photo credit: Daniel W. Torres Photography)

Modernizing the Federal Marketplace

GSA's Federal Acquisition Service uses the collective buying power of the Federal Government to provide agencies with valuable and innovative products and services, which enable them to deliver on their missions. One of our most important acquisition-related efforts is modernizing and simplifying the buying and selling process for agencies, acquisition professionals, and suppliers, especially our small businesses partners.

We also leverage Federal buying power to address big challenges, such as climate change, working alongside industry partners and the Federal community to find new ways to reduce the Government's carbon footprint. This includes offering agencies a growing number of zero-emission and clean technology vehicles. We also support the development of electric vehicle infrastructure, helping the Government lead the way toward a greener, more fuel-efficient future.

Beyond cross-cutting Government-wide priorities, there are many agency-specific examples of how we provide value to the public through procurement-related activities, including:

- **Improving critical IT infrastructure.** We executed a complex IT Data Center Network acquisition, supporting a $750 million exchange partnership with the Department of Transportation in Cambridge, Massachusetts, known as the Volpe Exchange Project.
- **Giving small businesses equitable access to the Federal marketplace.** We created more opportunities for small disadvantaged businesses through the STARS III contract vehicle.

- **Supporting cybersecurity.** We supported the Department of Homeland Security's Cybersecurity and Infrastructure Security Agency DEFEND portfolio, which protects more than 40 Federal agencies.
- **Providing assistance during crises.** We supported natural disaster emergency relief by awarding 18 agreements to streamline acquisition support in times of crisis. These agreements give small businesses preference and provide a means of rapidly and efficiently awarding orders within hours. We also developed a new agreement with the Centers for Disease Control to provide rapid and direct access to our Multiple Award Schedule for State, local, tribal, and territorial governments for products and services they need in public health emergencies.

Making Government Work Better Through Technology

GSA leads the way on Federal technology. Our Technology Transformation Services and IT portfolios improve the public's digital interactions with Government by providing solutions that make agencies' services more accessible, equitable, efficient, and effective for the American people.

A major part of our efforts in this area centers on making sure Government websites are human-centered and deliver what people need when they need it. For example, we provide Government-wide guidance for web design, supporting pages visited billions of times each month by the public.

Other examples of how our work improves how the public engages with Government include:

- **Advancing digital Government.** We administer Digital.gov, which helps the Federal community learn, build, deliver, and measure digital services; we provide services such as the U.S. Web Design System that help websites meet Section 508 standards; and we offer cybersecurity products and services that enhance security, improve resilience, protect information, and more.
- **Simplifying Federal purchasing.** We've streamlined how the Federal Government purchases products and services with the launch of buy.gsa.gov, a one-stop-shop for buying from GSA.

Additional Benefits to the Public

In addition to the above, GSA provides benefits to the public in many ways. A few examples include:

- **Developing key Government-wide policies.** We implement policies and programs that guide the Government. For example, we help tackle climate change through strengthening requirements in acquisition planning for all agencies.
- **Supporting public art.** We commission public art for Federal building construction projects, engaging with artists from communities across the country who want to contribute to the vibrancy of Federal architecture.
- **Serving as a model employer.** We continue to lead the Government in developing new paths to public service, offering workplace flexibility and support, and advancing DEIA principles to support our workforce and the millions of people they serve.

Conclusion

In these extraordinary times, GSA is no ordinary agency. Our expertise, commitment, creativity, and productivity are readily apparent. Our drive to succeed puts us among today's top-performing Federal agencies, as evidenced by our rise to fourth overall among midsize agencies in the 2021 Best Places to Work in the Federal Government rankings.

As the nation contends with climate change, public health challenges, and other major concerns, we're sharing our expertise, developing innovative solutions, and working with our many partners across all levels of Government to meet the moment and to deliver on our mission for the American people.

Diversity, Equity, Inclusion, and Accessibility

Federal Technology Equity & Accessibility

Inequities in technology design and delivery disproportionately harm those from historically and socially marginalized communities. This means that those who most need Government services will often have the most difficulty accessing them.

We are dedicated to actions that prioritize equitable and inclusive user experience, mitigate bias, improve digital accessibility, and modernize the delivery of digital Government services to the American people. GSA is laser focused on advancing equity and accessibility in Federal technology and has:

- *Expanded language inclusiveness and access to Government services through platforms like Vote.gov and USAGov en Español, which provides Spanish-language information in a user-friendly way.*
- *Launched an equity study to assess the impact of identity verification technologies commonly used by the public when accessing Government websites for services and benefits.*
- *Provided guidance to Federal customers on how to advance digital accessibility while implementing DEIA-related Federal workforce strategies.*

Federal Real Estate Equity & Sustainability

GSA is responsible for a nationwide real estate portfolio of more than 360 million rentable square feet. With its vast physical footprint, GSA is committed to taking actions that help it better track its impact, support economic recovery, improve sustainability and climate resilience, strengthen community engagement, advance equity and diversity in the real estate and construction industries, and improve community and customer experiences with GSA-controlled Federal facilities across America. GSA has:

- *Established partnership with the National Endowment for the Arts (NEA) and updated the Art in Architecture program to expand public access and artist representation in the millions of dollars of commissioned artworks installed in Federal facilities.*
- *Partnered with the National Organization of Minority Architects to expand career opportunities for underserved communities in the architecture, engineering, design, and construction industries.*
- *Sourced DEIA best practices from architecture and construction industries to inform design decisions that can improve accessibility and equity in the built environment.*
- *Increased the agency's emphasis on environmental justice through the Environmental Justice and Equity in Federal Sustainable Buildings Task Group, which engaged external community stakeholders and generated a set of recommendations to advance equity impacts in Federal real estate.*
- *Developed engagement strategies to advance community development goals by leveraging large-scale Federal infrastructure projects — including courthouses, office buildings, and border stations — through GSA's Good Neighbor Program.*

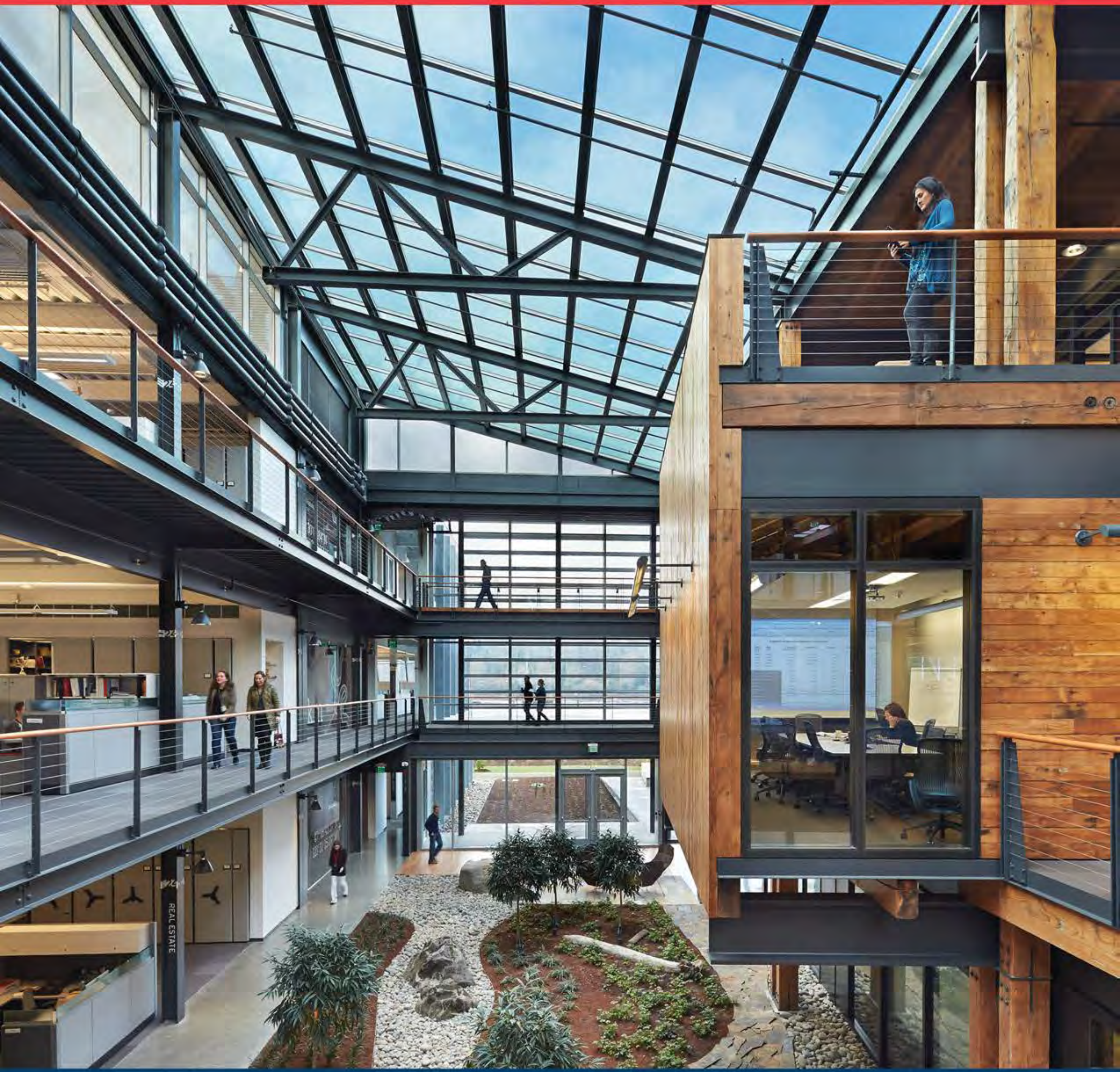
Federal Contracting Diversity, Equity & Access

Small Disadvantaged Businesses (SDBs) are disproportionately vulnerable to compounding obstacles and negative impacts while competing for Federal Government contracts and obligations — including the approximately $87.5 billion in annual contracts overseen by GSA. The complex web of challenges facing SDBs impedes their success and ultimately exacerbates systemic economic disparities in the Federal marketplace. GSA's plan to advance equity in Federal procurement coordinates a holistic approach to reduce barriers and improve SDB outcomes at critical stages of the Federal contracting lifecycle, with the goal to increase overall contract dollars awarded to underserved and disadvantaged communities. GSA has advanced DEIA in Federal contracting by:

- *Increased FY 2022 spending goals for Small Disadvantaged Businesses and the AbilityOne Program from 5 percent to 21 percent.*
- *Established the Polaris contract vehicle that makes it easier for small businesses, historically underutilized business zones, women-owned small businesses, and service disabled veteran-owned small businesses to offer innovative IT solutions to the Government.*
- *Committed to a Post-Award Engagement strategy (PAE) to support disadvantaged and socioeconomic small businesses, which oftentimes still face challenges in successfully earning sales after being awarded a GSA contract.*
- *Developed a Supplier Diversity Plan and established new partnerships with organizations like the National LGBT Chamber of Commerce, to support economic advancement and increased participation of disadvantaged communities in the Federal marketplace.*

Management's Discussion & Analysis

(Unaudited)



Organization

The U.S. General Services Administration (GSA) is made up of the Federal Acquisition Service, the Public Buildings Service, 12 staff offices, and 2 independent offices. GSA serves its 60+ Federal customers and the public through its headquarters in Washington, D.C., 11 regional offices, and employees throughout the country.

Office of the Administrator

Robin Carnahan
Administrator

"President Harry Truman established GSA in 1949 to make Government work better for the people it serves and save money doing it. That remains our defining purpose today, and we remain agile and responsive to the evolving needs of our customers, including our Government partners and the public at large."

GSA Administrator Robin Carnahan

Katy Kale
Deputy Administrator

Brett Prather
Chief of Staff

GSA provides workplaces by constructing, managing, and preserving Government buildings, and by leasing and managing commercial real estate. GSA's acquisition solutions offer private sector professional services, equipment, supplies, and IT to Government organizations and the military. GSA also promotes management best practices and efficient Government operations through Government-wide policies.

White House Liaison

Laila ElGohary
White House Liaison

White House Liaison

The White House Liaison helps raise the profile of GSA within the White House and serves to connect the executive branch and GSA. The liaison also manages the appointment process for GSA leadership positions, and works with other Federal agencies to support the Administration's key initiatives.

National Services

Federal Acquisition Services

Sonny Hashmi
Commissioner

The Federal Acquisition Service (FAS) helps Federal agencies buy goods, services, and technology solutions. In addition, FAS helps State, Tribal, and local governments in some circumstances.

The Federal Government's buying power offers the best value for taxpayers and Federal customers. Last year, FAS offered Federal agencies more than 31 million different products and services needed to meet their missions for the American people.

FAS manages six main business areas:

- General supplies and services
- Travel, transportation, and logistics
- Information technology category (ITC)
- Assisted acquisition services
- Professional services and human capital
- Technology Transformation Services (TTS)

In fiscal year 2022, FAS supplied over $87.5 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, and saved the Federal Government a total of $5.5 billion. FAS is approaching 227,000 leased vehicles in its fleet, has issued over six million charge cards, and provides personal property disposal services for the reuse of over $1 billion in surplus property annually.

Through its TTS and ITC portfolios, FAS worked to modernize technology across the Government to protect against cyber threats and deliver a better digital experience for America. Programs such as the U.S. Digital Corps, a fellowship program for early career technologists, strengthened the Government's digital workforce and critical impact areas, including economic recovery, cybersecurity, and racial equity.

Public Buildings Service

Nina M. Albert
Commissioner

The Public Buildings Service (PBS) is the largest public real estate organization in the United States.

PBS controls over 8,300 buildings and facilities and maintains an inventory of more than 360 million square feet of rentable workspace. This inventory includes more than 500 buildings either on or eligible for the National Register of Historic Places. PBS is also responsible for the stewardship of the GSA Fine Arts Collection, which includes 990 artworks installed in Federal buildings and more than 23,700 New Deal artworks on loan to other institutions.

PBS acquires space for the Federal Government through new construction as well as leasing. The organization also serves as caretaker for Federal properties across the country.

PBS is funded primarily through the Federal Buildings Fund with rent paid by occupant agencies. PBS constantly works to reduce costs and ensure that employees of more than 50 Federal agencies have high-quality, 21st century facilities and workplaces. In addition, PBS:

- Promotes adopting innovative workplace solutions and technologies
- Supports sustainable designs, such as The Green Proving Ground
- Disposes of excess or unneeded Federal properties

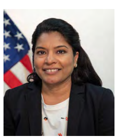
Staff Offices

The GSA Staff Offices are funded through either the Working Capital Fund or annual appropriations. They support the enterprise and ensure GSA is prepared to meet its customers' needs on a day-to-day basis as well as in crises.

Bob Stafford
Chief Administrative Services Officer

Office of Administrative Services (OAS)

OAS is home to a wide range of program areas. In addition to overseeing internal administrative policies, OAS manages executive correspondence, maintains the agency's internal directives, sets travel and purchase charge card policies, and develops workplace initiatives, including one aimed at dramatically reducing the footprint of space occupied by GSA.



Nimisha Agarwal
Chief Financial Officer

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.

Aluanda Drain
Associate Administrator

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.

Gianella Rivera
Associate Administrator

Office of Congressional and Intergovernmental Affairs (OCIA)

OCIA serves as advisor to the Administrator and GSA leadership. It supervises and maintains agency liaison with all members of Congress and congressional committees. The office also serves as liaison with State, local and tribal government officials and their official national organizations.

Camille Tucker
Acting Chief Customer Officer

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 GSA customers' needs.

Arpit K. Garg
General Counsel

Office of General Counsel (OGC)

The General Counsel is the chief legal officer for GSA. OGC fulfills its mission by providing legal advice and representation to GSA officials while ensuring implementation of GSA's statutory responsibilities. OGC also manages GSA's Freedom of Information Act and ethics programs and handles all GSA-wide claims under the Federal Tort Claims Act.

David A. Shive
Chief Information Officer

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.

Krystal Brumfield
Associate Administrator and Chief Acquisition Officer

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. These areas include travel and transportation, acquisition, fleet management, information technology modernization, personal property management and disposal 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.

Traci DiMartini
Chief Human Capital Officer

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.

Robert J. Carter
Associate Administrator

Office of Mission Assurance (OMA)

OMA provides agencywide leadership and coordination for emergency management and security policy. These policies include occupant emergency planning, response and recovery, personal identity verification, physical security, personnel security, and suitability activities.

Exodie C. Roe, III
Associate Administrator

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.

Channing Grate
Associate Administrator

Office of Strategic Communication (OSC)

OSC helps the media and the public understand the important work performed by GSA as it assists other agencies and simplifies access to Government information and services.

Independent Offices

Carol F. Ochoa
Inspector General

Office of Inspector General (OIG)

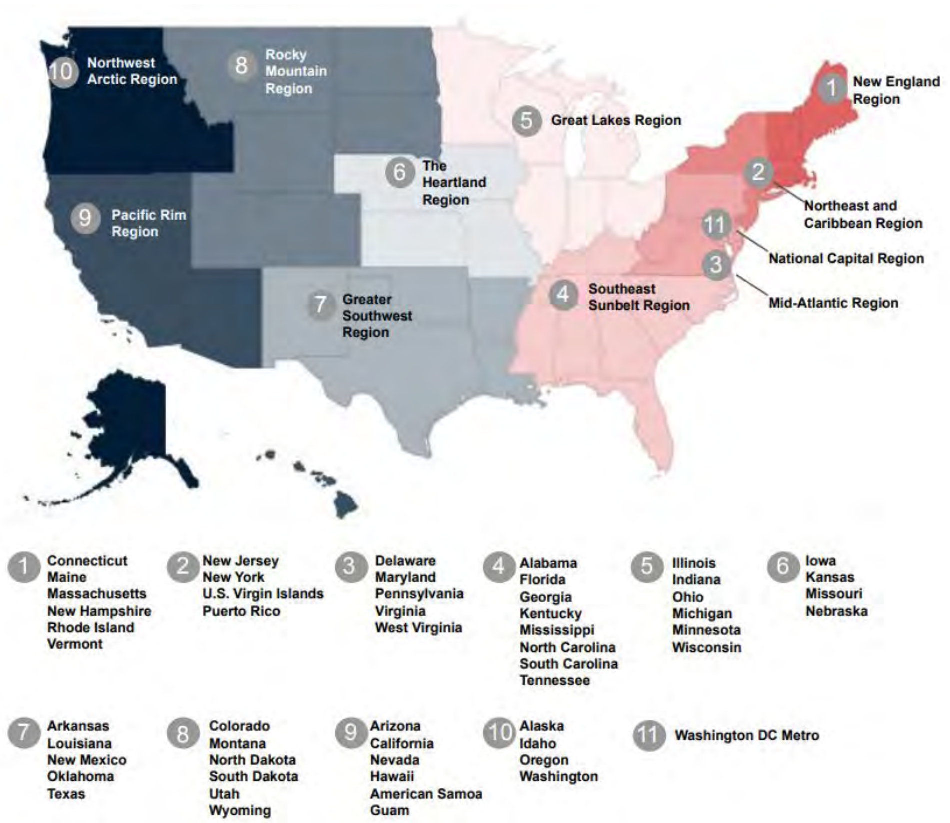
OIG is an independent unit established by law. It is responsible for promoting economy, efficiency, and effectiveness, and for detecting and preventing fraud, waste, and mismanagement in GSA's programs and operations. OIG's mission is to help GSA effectively carry out its responsibilities and to protect the public interest by bringing about positive changes in GSA's programs and operations, performance, accountability, and integrity.

Erica S. Beardsley
Chair

Civilian Board of Contract Appeals (CBCA)

CBCA is an independent tribunal housed within GSA. The CBCA presides over various disputes involving Federal executive branch agencies. Its primary responsibility is to resolve contract disputes between Government contractors and agencies under the Contract Disputes Act.

Regional Map



Performance Goals, Objectives, & Results

The U.S. General Services Administration's (GSA) strategic goals are aligned with its four major program areas: real estate, acquisition, technology, and Government operations. What follows is an overview of key performance trends and insights for each of the four strategic goals. A complete analysis of GSA's performance for this fiscal year will be included in the FY 2022 Annual Performance Report, which will be published in February 2023.

Strategic Goal #1: Real Estate Solutions — Financially and environmentally sustainable, accessible, and responsive workspace solutions that enable a productive Federal workforce.

Strategic Objectives:

- Develop and offer integrated and virtual workspace options and services that maximize flexibility, particularly in anticipation of increased telework.
- Secure investments needed to achieve a right-sized and modernized real estate portfolio that is safe, efficient, and affordable for customers.
- Establish and implement cross-cutting solutions that mitigate climate risks by increasing building resilience; reducing overall greenhouse gas emissions; improving energy, water, and waste efficiency; and supporting the transition to carbon pollution-free electricity.
- Identify and implement programs that positively impact local communities through enhanced economic activity and opportunities for underserved populations.

GSA leads the Federal Government's real estate optimization efforts by offering new, innovative, sustainable, and flexible solutions that meet the varying workplace needs of customers. Critical investments in GSA-controlled facilities, consolidation of customers in federally owned facilities, and investments in climate adaptation and risk mitigation are the focal points of GSA's real estate strategy. These will help GSA create a modernized and optimized footprint, reduce lease space, dispose of buildings that no longer meet standards of performance, and increase continuity of operations for customers and cost savings for the American public.

GSA achieved all of the reported performance targets for FY 2022, as shown in Table 1.

Table 1: Highlighted Key Performance Indicators for Real Estate Solutions

Measure	FY 2019 Results	FY 2020 Results	FY 2021 Results	FY 2022 Results	FY 2022 Target	Status
Percent of CFO Act agencies with new National Workspace Portfolio Plans ↑ (APG)	N/A	N/A	N/A	50.00%	50.00%	**Achieved**
Gross sales revenue from GSA disposals (in millions) ↑ (old methodology)	$61.70	$38.20	$4.95	$48.30	$28.00	**Achieved**
Percent of capital projects on budget ↑	82.00%	83.50%	80.20%	80.00%	80.00%	**Achieved**
"Good Neighbor Program" Planning Outreach and Partnership engagements ↑	8	8	5	22	22	**Achieved**

GSA partners with agencies to develop National Workspace Portfolio Plans with real estate strategies designed to meet customer needs and right-size their office space. The plans describe each agency's current portfolio, real estate goals, and strategies and opportunities for improving space utilization and reducing costs. GSA completed National Workspace Portfolio Plans for 50 percent of the targeted 24 CFO Act agencies in FY 2022.

GSA continues to build a real estate strategy of a financially solvent mixed portfolio. Efforts to dispose of underutilized space resulted in $48.3 million gross sales revenue from GSA disposal, exceeding the target by $20.3 million. In addition, GSA's percent of capital projects on budget hit the target set for FY 2022, coming in at 80 percent.

GSA also identifies and implements real estate programs that benefit local communities. GSA completed 22 outreach and partnership engagements as part of the Good Neighbor Program with local officials across the country in FY 2022 to partner with communities and share long-range planning goals in areas with a Federal presence. Moving forward, GSA will conduct an evaluation of these engagements to identify best practices for addressing shared challenges in the future.

GSA's performance for Real Estate Solutions remains strong, and the progress achieved in FY 2022 enables GSA to continue to lead the Federal Government's real estate optimization efforts.

Strategic Goal #2: Acquisition — A modern, accessible, and streamlined acquisition ecosystem and a robust marketplace connecting buyers to the suppliers and businesses that meet their mission needs.

Strategic Objectives:

- Ensure GSA's portfolio of offerings meets market demand for products, services, and solutions and the desired acquisition approaches.
- Improve stakeholder satisfaction by delivering simplified customer and supplier experiences.
- As a trusted partner, foster the supply chain to support GSA and Federal acquisition needs for 2025 and beyond.
- Aid U.S. economic growth by maximizing opportunities and minimizing barriers for small and underserved businesses seeking to do business with GSA.

GSA delivers value, innovation, and exceptional customer experience through efficient operations, market expertise, and proactive partnerships with customer agencies and private sector vendors. Technology is the cornerstone of GSA's acquisition solutions, enabling the agency to improve the overall experience for buyers and suppliers. GSA's strategic position in the market, expertise, and relationships with customers and suppliers are driving equitable markets, sustainable practices, and continued economic recovery.

GSA achieved all of the reported performance targets for FY 2022, as shown in Table 2.

Table 2: Highlighted Key Performance Indicators for Acquisition

Measure	FY 2019 Results	FY 2020 Results	FY 2021 Results	FY 2022 Results	FY 2022 Target	Status
Industrial Satisfaction Survey score (Rating scale is 1 to 5)↑	3.65	3.81	3.90	3.99	3.95	**Achieved**
Customer Loyalty Survey score (Rating scale is 1 to 10)	7.60	7.90	7.80	7.90	7.90	**Achieved**
Multiple Award Schedule Sales (in billions) ↑	$32.00	$36.60	$39.80	$40.92	$38.00	**Achieved**
Percent of GSA acquisition workforce trained in cyber supply chain risk management ↑	N/A	N/A	N/A	78.70%	50.00%	**Achieved**
Percent of GSA obligations to AbilityOne Program ↑	7.39%	7.91%	5.78%	7.60%	2.50%	**Achieved**

GSA achieved a score of 3.99 in FY 2022 for the Industrial Satisfaction Survey, a measure of supplier satisfaction with the agency's services. The agency also achieved a score of 7.9 for the Customer Loyalty Survey. GSA continues to be hyper-focused on delivering exceptional customer and supplier experiences and has undertaken significant work to understand user journeys, identify pain points, and invest in solutions to streamline and simplify each interaction.

GSA's performance goal associated with the Multiple Award Schedule (MAS) was met in FY 2022. MAS serves the Government by providing consistent terms and conditions that allow industry to come to market the way the agencies buy. MAS sales are strong and small businesses continue to play a key role in delivering services and products to Government customers via MAS.

To ensure a strong and resilient supply chain, GSA is strengthening its cyber supply chain risk management practices and cultivating a healthy supply base. GSA has developed training to inform and help the acquisition workforce manage cyber supply chain risks. Over the next few years, the vast majority of GSA's acquisition workforce will complete this training. As the challenges in the supply chain continue to evolve, GSA anticipates developing additional training courses to meet this need.

GSA's AbilityOne spend surpassed the target set for FY 2022. The AbilityOne Program provides quality products and services at fair market prices to Federal purchasers and private sector contractors authorized to use Government suppliers. The ongoing expansion of the program will increase employment opportunities for people with disabilities, reduce the need for state and Federal disability subsidies, and create meaningful pathways for economic growth and prosperity.

The progress achieved in FY 2022 for Acquisition enables GSA to continue to deliver value, innovation, and exceptional customer experience with customer agencies and private sector vendors.

Strategic Goal #3: Digital Government — A digital Government that delivers for the public through trusted, accessible, and user-centered technologies.

Strategic Objectives:

- Implement inclusive, accessible, and equitable design practices that improve customer experience with technology and digital platforms.
- Lead Government-wide adoption of shared technology solutions that improve digital governance, sharing, security, and interoperability.
- Equip agencies with the knowledge and tools to strategically procure and deploy technology products and services.

Technology is critical to how every agency accomplishes its mission and serves the public. GSA actively transforms how the Government uses technology by deepening Government-wide capabilities and developing more effective digital services to yield a trusted, accessible, and user-centered digital experience. GSA supports customer agencies in their digital services journeys by developing common digital services and standards, shared platforms and products, while also improving its own websites, products, and services to showcase its shared offerings.

GSA achieved all of the reported performance targets for FY 2022, as shown in Table 3.

Table 3: Highlighted Key Performance Indicators for Digital Government

Measure	FY 2019 Results	FY 2020 Results	FY 2021 Results	FY 2022 Results	FY 2022 Target	Status
Percent of public-facing production websites GSA owns or administers for others that conform to 21st Century IDEA standards ↑	N/A	N/A	4%	15%	8%	**Achieved**
Number of times FedRAMP authorized products have been reused by agencies (cumulative) ↑	1,273	1,847	2,864	4,573	3,174	**Achieved**
Number of active users on Login.gov (in millions) ↑ (APG)	N/A	14.00	16.00	41.04	32.00	**Achieved**
Number of Login.gov-serviced applications ↑ (APG)	46	83	199	322	250	**Achieved**
Number of new hires for the U.S. Digital Corps program ↑	N/A	N/A	0	38	20	**Achieved**

Government websites and digital services are the primary way that the public receives information from and interacts with the Federal Government. The 21st Century Integrated Digital Experience Act (IDEA) is a 2018 law that aims to improve the digital experience for Government customers and reinforces existing requirements for Federal public websites. GSA works to improve websites it owns or administers, prioritizing elements outlined in the 21st Century IDEA, such as governance, data, search and navigation, engagement, privacy, and accessibility. GSA met the FY 2022 target for websites conforming to these standards.

Government use of the Federal Risk and Authorization Management Program (FedRAMP) continues to grow. FedRAMP is a standardized approach that enables agencies to adopt secure cloud technologies while complying with Federal cybersecurity and information protection requirements. Reuse of FedRAMP-authorized products has continued to increase at an unyielding pace with over 4,500 instances of reuse, far exceeding the FY 2022 target.

Login.gov is GSA's secure identity management service used by the American public to sign in to participating Government agency websites, allowing them to access most of their information and service needs using a single username and password. In FY 2022, the number of active users on Login.gov grew to 41 million, while the number of Login.gov-serviced applications increased for the fourth consecutive year. As more agencies are adopting GSA's identity management solutions, Government agencies are able to focus specifically on mission-delivery.

In FY 2022, GSA launched the U.S. Digital Corps program to attract early-career technologists to Government service and ensure the Federal technology workforce represents the diversity of the United States. GSA exceeded the target number of new hires for the program's first year. By leveraging this program and expanding the diversity of the workforce that is designing and developing Federal websites, products, and services, GSA helps to make Government digital services more equitable and accessible.

GSA's performance in FY 2022 reflects steady growth across all aspects of the Digital Government goal. Moving into FY 2023, GSA is well positioned to continue deepening Government-wide capabilities and developing more shared and effective digital services.

Strategic Goal #4: Government Operations — A Government that capitalizes on interagency collaboration and shared services to make informed management decisions and improve operations, delivering value for the American people.

Strategic Objectives:

- Build evidence-based capacity and foster interagency collaboration to strengthen operational effectiveness at GSA and across Government.
- Provide centralized services and shared solutions that promote cost savings and environmental sustainability, enabling agencies to focus on mission delivery.
- Deliver smart policies, regulations, and workforce training that inform management decisions and help agencies streamline operations.

GSA plays a unique role in bringing together Federal agencies, industry, academia, and subject-matter experts to make Government more effective, efficient, and responsive to the American people. The agency's robust communication channels, processes, tools, and services collectively serve as an accelerator for sharing and applying knowledge across the Executive branch. By increasing decision-making capabilities, providing affordable and readily accessible solutions to operate key functions, and emphasizing strong policy development and implementation practices, GSA enables the agencies to execute their mission effectively.

GSA achieved all of the reported performance targets for FY 2022, as shown in Table 4.

Table 4: Highlighted Key Performance Indicators for Government Operations

Measure	FY 2019 Results	FY 2020 Results	FY 2021 Results	FY 2022 Results	FY 2022 Target	Status
Number of completed evaluations Government wide	11	0	18	14	14	**Achieved**
Percent of new vehicle orders that are ZEVs compared to the total number of vehicles ordered in FY where an affordable EV was available ↑ (APG)	3.00%	1.70%	6.74%	20.27%	10.00%	**Achieved**
Number of ZEV models available for Government customers to purchase or to lease ↑ (APG)	11	13	34	65	50	**Achieved**
Percent increase in miles per gallon for the GSA leased fleet ↑ (APG)	15.80%	19.60%	18.49%	25.29%	21.00%	**Achieved**

GSA leads Government-wide efforts to develop evidence-building and evaluation to enhance strategic analysis and build organizational capacity. To bolster the public's confidence that Government programs, policies, and operations are supported by rigorous evidence and evaluated objectively, GSA tracks the number of Government-wide evaluations GSA completes each year on behalf of other agencies. GSA met its FY 2022 target.

GSA's Fleet services represent an opportunity to increase the use of centralized services across Government while promoting climate-friendly solutions. The GSA Fleet program works to efficiently acquire and deploy vehicles in support of agency missions, increasingly through the procurement of zero-emission vehicles (ZEVs) and electric vehicle charging infrastructure. These efforts accelerate the adoption of ZEVs across Government, reducing greenhouse gas emissions and lowering the cost of operating motor vehicle fleets. Despite funding challenges and significant supply chain constraints for ZEVs, all performance goals associated with Fleet services were met in FY 2022.

GSA's performance for Government Operations remains strong and the progress achieved in FY 2022 enables GSA to continue to make Government more effective, efficient, and responsive to the American people.

As GSA advances into FY 2023 and beyond, the agency will continue to strive to deliver the best customer experience and value in real estate, acquisition, and technology services to the Government and the American people. GSA will continue to lead the Federal Government's transition by developing more innovative, sustainable, cost-effective, and collaborative solutions that foster interagency collaboration, shared services, and smart policies.

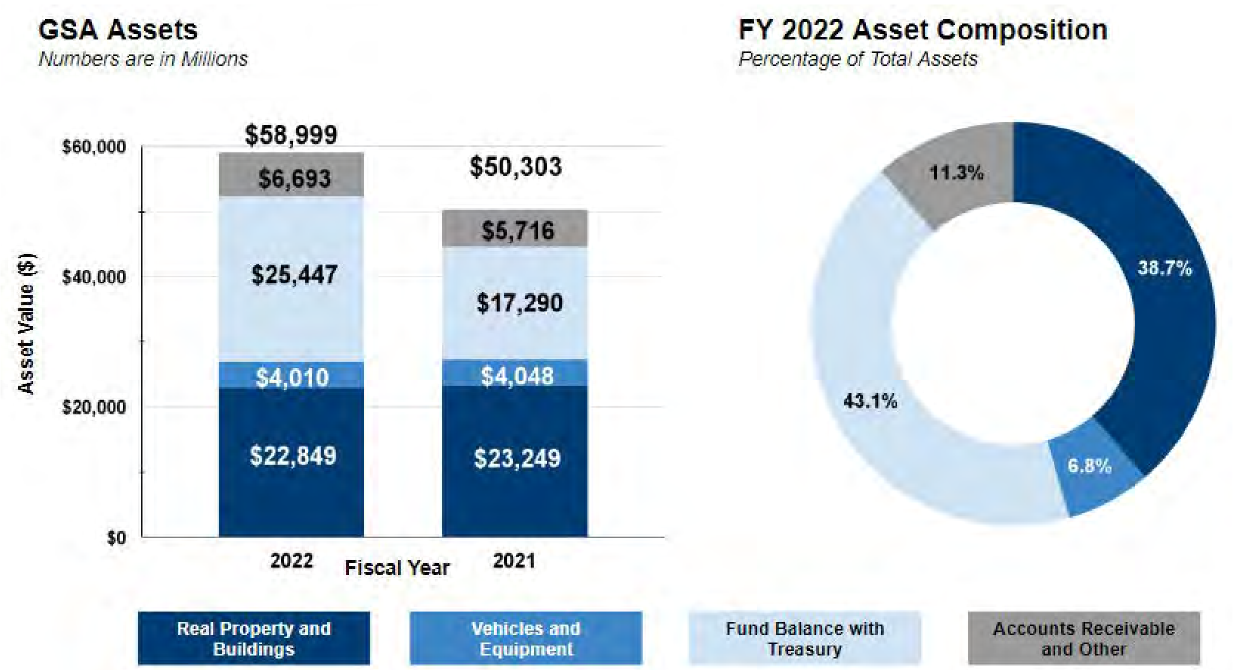
Analysis of Financial Statements & Stewardship Information

The financial statements and financial data presented in this report have been prepared from the U.S. General Services Administration's (GSA) accounting records in conformity with generally accepted accounting principles (GAAP), as prescribed by the Federal Accounting Standards Advisory Board (FASAB).

Consolidated Financial Results

GSA Assets

GSA assets primarily include property and equipment, Fund Balance with Treasury (FBwT) and Accounts Receivable. The majority of property and equipment for GSA are Federal buildings, motor vehicles, and office equipment. GSA Accounts Receivable are primarily derived from amounts due to GSA from Federal agencies and non-Federal customers for goods or services provided or uncollected rent.

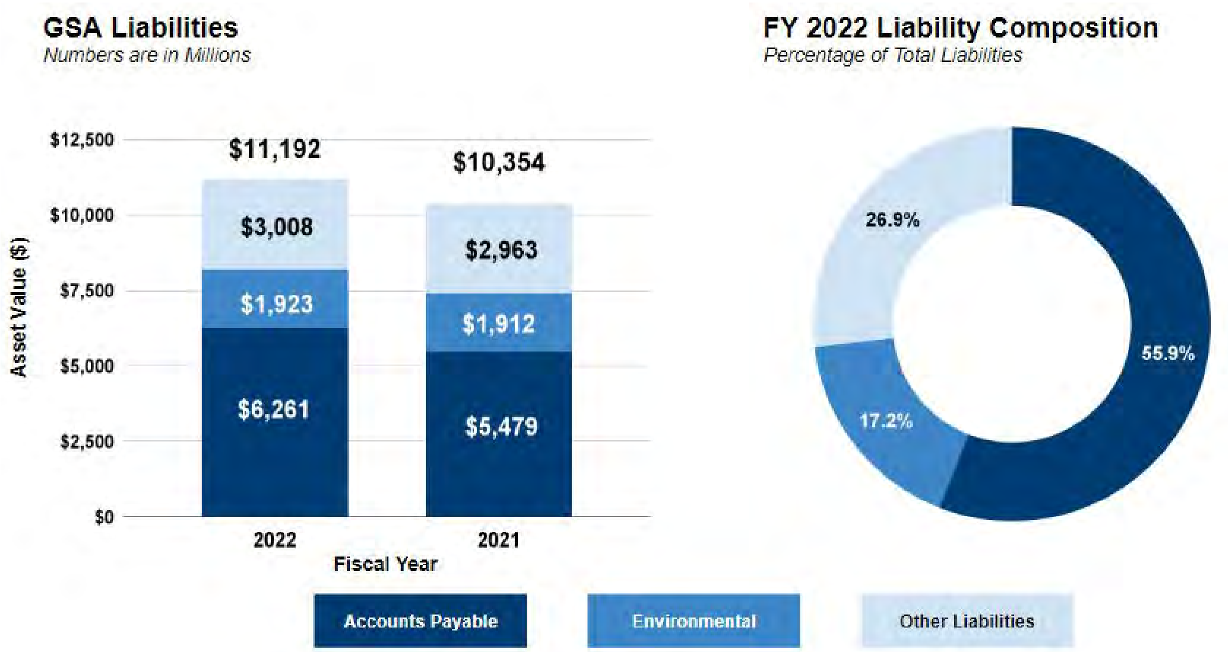


In fiscal year (FY) 2022 GSA recorded a net increase of approximately $8.7 billion in assets. Significant changes in assets are attributable to an increase in the overall FBwT of $8.2 billion due to the funding received by the Federal Buildings Fund (FBF) from the Inflation Reduction Act of 2022 (P.L. 117-169) of approximately $3.4 billion and the Infrastructure Investment and Jobs Act (P.L. 117-58) funding of approximately $3.4 billion. Net Revenue in the FBF also contributed an additional $1 billion to the increase in FBwT.

GSA's accounts receivable from other Federal agencies increased by $924 million, principally due to increases in Acquisition Services Fund (ASF) business volume.

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 2022, total liabilities were $11.2 billion, a net increase of $838 million compared to FY 2021 total liabilities of $10.4 billion. The increase in accounts payable is comparative to the increase in accounts receivable and also attributable to increased business volume in the ASF.

GSA Net Results

The Consolidating Statements of Net Cost present the revenues and expenses incurred by providing goods and services to GSA's customers and executing GSA's programs, displayed by major components and activity. GSA reported almost $32.4 billion in revenue during FY 2022 compared to $31.7 billion reported in FY 2021, which were matched by expenses of $31.9 billion and $30.8 billion, respectively. Changes in the FBF and ASF net operating results are presented further below.

FY 2022 Revenue Composition
Percentage of Gross Revenue by Business Area

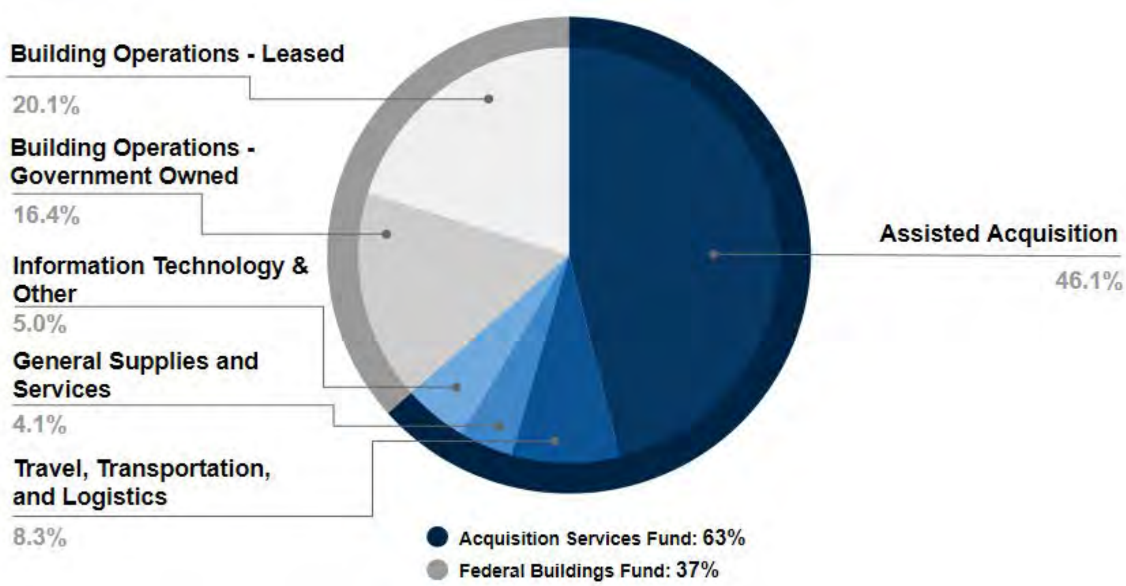


Table 1. Revenue by Major Business Line[1]
(Dollars in Millions)

Fund	Major Business Line	FY 2022	FY 2021	Dollar Change	Percentage Change
ASF	Assisted Acquisition	**$15,017**	$14,482	$535	4 %
ASF	Travel, Transportation and Logistics	**$2,692**	$2,195	$497	23 %
ASF	General Supplies and Services	**$1,345**	$1,359	$(14)	(1)%
ASF	Information Technology	**$1,295**	$1,650	$(355)	(22)%
ASF	Professional Services and Human Capital	**$116**	$111	$5	5 %
ASF	Other Programs	**$203**	$167	$36	22 %
FBF	Building Operations - Government Owned	**$5,334**	$5,377	$(43)	(1)%
FBF	Building Operations - Leased	**$6,561**	$6,531	$30	— %

[1] This table shows gross revenue by GSA's major business lines. It does not include appropriations or funding transferred within the GSA. (See the Consolidating Statement of Net Cost for details.)

GSA Budget

GSA's Total Budgetary Resources, reported on the Statement of Budgetary Resources (SBR), increased in FY 2022 by $10.0 billion due to increases in both the FBF and the ASF. The FBF budget and the ending unobligated balance increased by approximately $7 billion, primarily due to $6.8 billion in enacted appropriations from the Inflation Reduction Act of 2022 and the Infrastructure Investment and Jobs Act. GSA also 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 ASF reflected an increase of $2.8 billion in reimbursable spending authority.

GSA Budget Composition
Percentage of Total Budget by Source

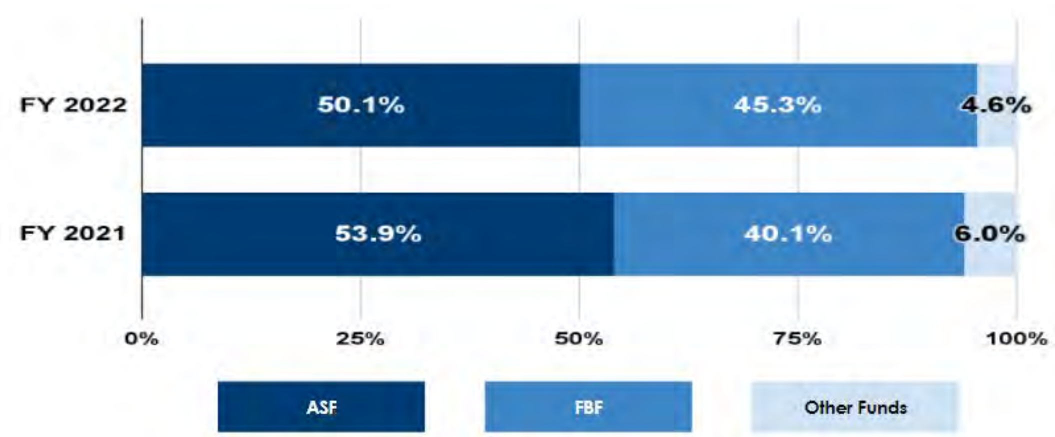


Table 2. Budget by Fund
(Dollars in Millions)

GSA Fund	FY 2022	FY 2021	Dollar Change	Percentage Change
Acquisition Services Fund (ASF)	**$26,933**	$23,698	$3,235	14 %
Federal Buildings Fund (FBF)	**24,350**	17,418	6,932	40 %
Other Funds	**2,473**	2,625	(152)	(6)%
Total Budget	**$53,756**	$43,741	$10,015	23 %

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

The FBF is the primary fund established for financial administration of 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 two primary components of Building Operations – Government Owned, and Building Operations – Leased.

In FY 2022, FBF gross revenue[2] was over $11.9 billion, with over 58 percent of the revenue generated from PBS's top five Federal customer agencies as shown in the table below:

FY 2022 Federal Buildings Fund Customers
Percentage of Occupancy Agreements by Customer

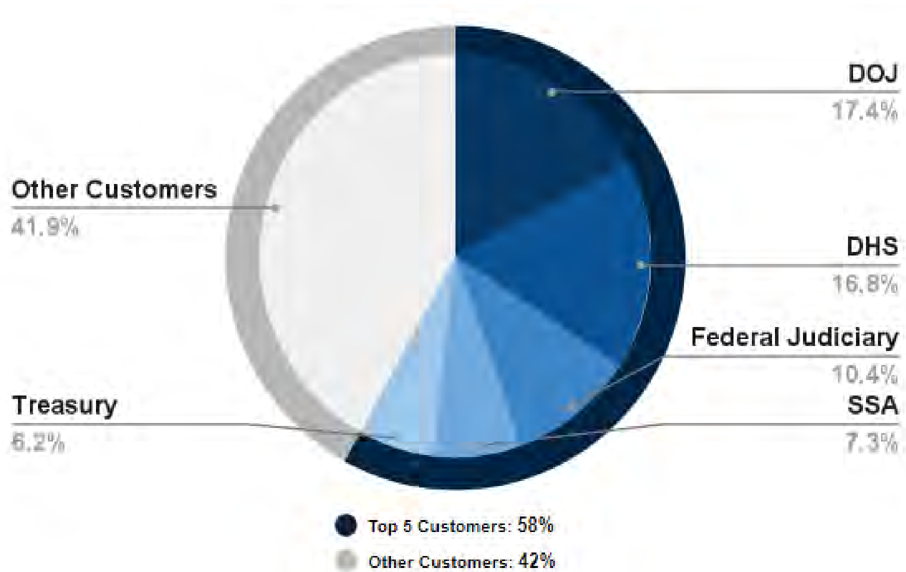


Table 3. FBF Customers
(Dollars in Millions)

Customers	Revenue	% of Total Revenue	Total rent revenue comes from PBS's top 5 customers
U.S. Department of Justice (DOJ)	$2,066	17.4%	
U.S. Department of Homeland Security (DHS)	$1,992	16.7%	
Federal Judiciary	$1,236	10.4%	
U.S. Social Security Administration (SSA)	$869	7.3%	
U.S. Department of Treasury	$736	6.2%	
All Other Customers	$4,996	42.0%	
TOTAL	**$11,895**	**100.0%**	

[2] The above gross revenue is inclusive of reimbursable income.

FBF Net Revenue from Operations

FBF Net Revenue from Operations represents the amounts remaining after PBS's costs of operating federally owned and leased buildings are subtracted from revenue. Net Revenue from Operations generates funding to support investments in repairs and alterations for Federal buildings and to provide funding for the cost of constructing new Federal buildings, subject to appropriation to the FBF enacted by Congress.

The primary source of revenue in the FBF is rent earned from GSA's occupant agencies and the primary source of expenses are the cost of leasing building space and the cost of operating GSA's portfolio of federally-owned and leased buildings. PBS also operates a reimbursable work authorization program, which provides occupant agencies with services and improvements in GSA-controlled space, beyond that provided by GSA in exchange for the payment of rent.

The operating results on the Statements of Net Cost demonstrate consistency in the overall state of the real property portfolio. In FY 2022, FBF revenues slightly decreased by 0.1 percent from FY 2021 resulting in a $364 million reduction in net revenues from operations primarily due to a 3.2 percent increase in expenses.

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, repairs and alterations, cleaning, utilities and other maintenance of GSA-controlled Federal buildings. Obligations are also incurred for payments to commercial landlords for space leased by GSA on behalf of other Federal agencies. Obligations incurred in FY 2022 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.

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

Obligations and Outlays	2022	2021	Change ($)	Change (%)
New Obligations and Upward Adjustments	**$11,230**	$11,356	$(126)	(1.1)%
Net Outlays (Receipts) from Operating Activities	**$(982)**	$(965)	$(17)	1.8 %

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 six main business portfolios: General Supplies and Services (GS&S); Travel, Transportation, and Logistics (TTL); Information Technology Category (ITC); Assisted Acquisition Services (AAS); Professional Services and Human Capital; and Technology Transformation Services.

FY 2022 Acquisition Services Fund Customers
Percentage of FAS Revenue by Customer

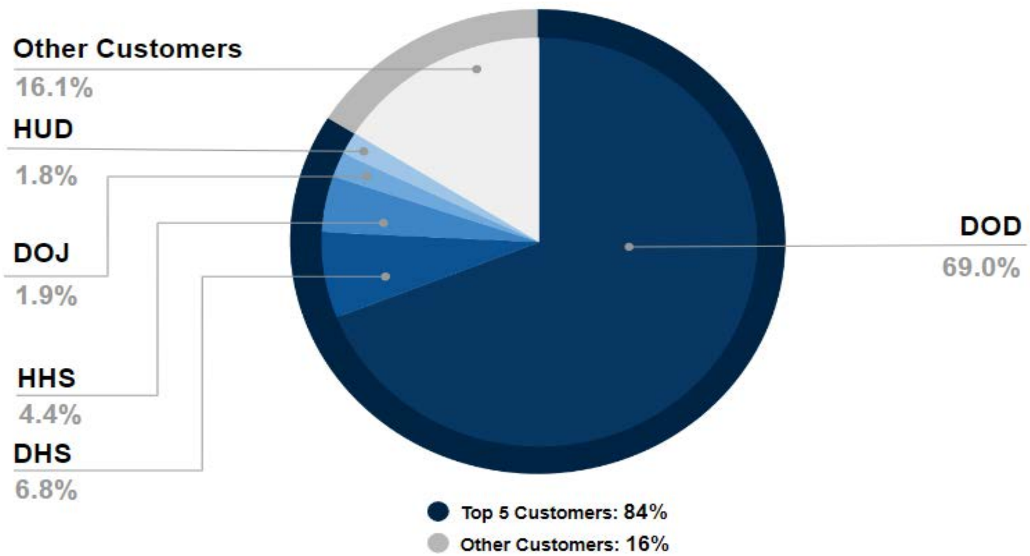


Table 5. ASF Customers
(Dollars in Millions)

Customers	Revenue	% of Total Revenue	Total ASF revenue comes from FAS's top 5 customers
U.S. Department of Defense (DOD)	$14,262	69.0 %	
U.S. Department of Homeland Security (DHS)	$1,401	6.8 %	
U.S. Department of Health and Human Services (HHS)	$915	4.4 %	
U.S. Department of Justice (DOJ)	$400	1.9 %	
U.S. Department of Housing and Urban Development (HUD)	$366	1.8 %	
All Other Customers	$3,324	16.1 %	
Total	**$20,668**	**100.0 %**	

ASF Net Revenues from Operations

ASF Net Revenue from Operations represent the revenue remaining after deducting the costs of goods and services sold and the cost of operations. In FY 2022, the ASF reported positive financial results, producing net revenues from operations of $333 million compared to $465 million in FY 2021. AAS programs have continued to experience increased revenue of 4 percent in the past fiscal year, with revenues of $15 billion in FY 2022, up from $14 billion in FY 2021, as both the volume and dollar magnitude of goods and services AAS provides continues to increase year-to-year. This increased business volume outpaced the costs necessary to support that business volume and resulted in an increase of $535 million in AAS net operating results compared to FY 2021. The TTL business line increased revenue by $497 million over FY 2021 with two main factors driving those changes. In FY 2022, GSA moved the Internal and Emergency Acquisition Center (IEAC) Program from the GS&S business line to the TTL business line, accounting for $249 million. Second, travel and transportation programs have seen considerable improvements to revenue due to increased volume in transportation and travel services and accounting for $186 million.

Revenue generated from the ITC business line is lower due to the transition to the Enterprise Infrastructure Solutions contract.

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 program and activities. New Obligations and Upward Adjustments increased by $2.1 billion between FY 2022 and FY 2021 due to the large increase in ASF business volume and by an increase in outstanding unfilled customer orders driven by supply chain delays. The total amount of collections continued to exceed disbursements as reflected in the decrease in Net Outlays of $237 million.

Table 6. ASF Obligations and Outlays
(Dollars in Millions)

Obligations and Outlays	2022	2021	Change ($)	Change (%)
New Obligations and Upward Adjustments	**$23,680**	$21,601	$2,079	9.6 %
Net Outlays (Receipts) from Operating Activities	**$(280)**	$(517)	$237	(45.8)%

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 the Office of Management and Budget. Reports used to monitor and control budgetary resources are prepared from the same books and records. The financial statements should be read with the understanding 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) 2022, GSA continued efforts 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 continued its focus on increasing accountability, resolving audit recommendations, and implementing a more effective system of internal control agencywide. Specifically, senior executives, program managers, and staff closely monitor program audit resolution through performance dashboards.

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.

GSA established an enterprise risk management policy statement, which highlights the importance of effective risk management in meeting its mission. The Enterprise Risk and Strategic Initiatives (ERSI) Board, co-chaired by the Deputy Performance Improvement Officer and the Chief Information Security Officer, works to continuously improve risk governance at GSA. 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. These reviews help the agency identify best practices and challenges in the acquisition function.

In FY 2022, the agency continued its focus on strengthening management and internal controls in the area of contract administration. Procurement management reviews assessed the basic foundational components of the acquisition function, including contract administration, performance-based contracting, acquisition planning, and effective contract pricing and negotiations.

GSA will play an important role in advancing the Administration's priorities through leadership in Government-wide acquisition, including economic growth, climate resiliency, and strengthening diversity, equity, inclusion, and accessibility. Achieving these goals will require a modern, accessible, and streamlined acquisition ecosystem and a robust marketplace that connects buyers to the suppliers and businesses that meet their mission needs.

The procurement management review (PMR) process continues to play an important role in helping to ensure the agency meets its ambitious goals. For example, in FY 2022, the PMR Division (PMRD) reviewed the Multiple Award Schedule (MAS) process for vendor rejections and withdrawals. As the MAS Program Management Office (PMO) continues to examine its processes on procurement acquisition lead time, overall GSA workload management, and supplier onboarding, the review will assist the MAS PMO in accomplishing its goal of promoting and improving quality in the acquisition process.

GSA continues to strengthen methodologies for procurement management reviews to assess known challenges. For example, the PMR Division did not provide to the regional acquisition personnel with an advance list of the electronic contract files (ECF) selected for a procurement management review. The change in process enabled a true assessment of complete and accurate electronic contract files, previously identified as a challenge. Updating the approach for ECF assessments aligns to other auditing practices used by the Office of Inspector General and the Government Accountability Office. GSA Services and Staff Offices have made significant strides in the agency's ECF landscape.

In FY 2023, the PMRD will continue its focus on contract administration and electronic contract filing, verifying adequate management and internal controls are in place to ensure sufficient Government oversight of the goods and services procured.

The PMRD will continue to prioritize activities that ensure the Administration priorities and GSA's acquisition policies have a significant and lasting positive impact on the American public and its stakeholders.

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, the agency implemented processes to hold managers accountable for the performance, productivity, operations, and integrity of their programs through the use of internal controls. GSA's Office of the Chief Financial Officer (OCFO) continues to use an Entity Level Evaluation Tool that incorporates the evaluation factors of GAO's 5 components and 17 principles of Internal Control, and OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control.

All controls were operating as intended with the exceptions identified in the FY 2022 Statement of Assurance. Corrective actions were implemented during the year to help address this weakness.

OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, Appendices 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 2022, OCFO deployed an extensive methodology that assessed risk across key business processes and identified the related key internal controls over reporting and financial systems.

The Appendix A risk assessment evaluated the results of the FY 2021 financial audit, the FY 2021 evaluation of GAO's 5 components and 17 principles of internal control, recent GAO and Office of Inspector General audits, and management-identified priorities. In FY 2022, GSA assessed:

- Budget and Finance
- Federal Acquisition Service Procurement, Accounts Payable and Payments
- Public Buildings Service Procurement, Accounts Payable and Payments

For Appendix D, the financial system evaluation was based on initial materiality assessments. The systems in scope for this year's assessments included:

- Pegasys - GSA's core financial system of record
- HR Links - GSA's human capital management system
- Assisted Services Shared Information System - a single, integrated solution for all GSA-assisted acquisitions
- Federal Supply Service Payment System - a vendor invoicing system
- Order Management System - an order fulfillment service primarily servicing the GSA Global Supply and Retail Operations
- Electronic Acquisition System Integration - a solution that streamlines and automates the acquisition process
- Requisitioning, Ordering, and Documentation System - a feeder system used to create purchase requests for vehicles

Key controls were evaluated for the appropriate design, operating 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, 2022.

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 2022, 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. GSA annually tests the 5 components and 17 principles of internal control for compliance.

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
- The U.S. Standard General Ledger (USSGL) at the transaction level

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

Information and Financial Management Systems Framework

The Chief Financial Officers Act of 1990 assigns responsibilities for planning, developing, maintaining, and integrating financial management systems to Federal agencies. Over the past few years, GSA has worked to transition applications to open-source technology, implemented various security enhancements, executed various system upgrades to meet legislative or other Government-wide requirements, and decommissioned legacy systems. Additional emphasis has been placed on upgrades focusing on automation. These changes are described in more detail below.

GSA currently maintains e-Payroll applications, portions of its legacy core accounting system, and general support systems that operate on different 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 migrated two more financial management applications, WebVendor and Pegasys Payment Search, off of proprietary database technology, and took additional steps to enhance the overall security posture of the agency's ancillary financial management application portfolio. GSA successfully completed database encryption for multiple financial management applications and deployed multi-factor authentication for WebVendor and Pegasys Payment Search. In FY 2022, GSA deployed multi-factor authentication for FEDPAY for Government users and migrated all applications using a custom-coded password service into GSA's enterprise password management solution, Password Manager Pro.

GSA has successfully consolidated two business intelligence platforms and licenses and is able to save maintenance costs and provide more seamless support to the GSA financial community. GSA continues to take steps to increase automation, migrate systems to cloud-based solutions, modernize legacy systems, and consolidate operations in the agency's information technology portfolio. GSA continues to move more applications to the SecureAuth single sign-on solution and integrate two-factor authentication for identity and access management services to enhance the security of GSA's data assets. To better insulate software assets from fraud and to ensure the agency appropriately records proof of purchase, licenses, and end-user agreements, GSA has continued to mature its software asset management toolkit. To accelerate the process of granting initial access and recertifying continued access to financial and other enterprise applications, GSA IT migrates business applications to an automated identity and provisioning management solution. This allows GSA to decommission legacy access management solutions. Future migrations will automate the processing of access requests that are currently manually processed through the Enterprise Access Request System to a more simple case management solution.

To protect and secure sensitive building information, like Federal agency occupant data, floor plans, leasing data, and market surveys with competitive rental rates, the Public Buildings Service (PBS) and GSA IT included additional security rigor into contractor requirements.

To further secure GSA assets, the current GSA Leasing Support Services Plus contract requires contractors to use GSA-provided IT systems and email to store, process, or transmit GSA information for all work performed under this contract. If this is not feasible, contractors must be granted authority to operate non-GSA systems by GSA IT. Similarly, PBS's Office of Leasing implemented measures requiring all brokers to use a secure virtual desktop interface (Citrix-VDI) and gsa.gov email to receive and access sensitive information.

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. GSA IT will closely integrate cybersecurity with enterprise risk management; GSA will improve and prioritize investment decisions that continue to mitigate those risks.

In May 2021, the President issued Executive Order (EO) 14028, Improving the Nation's Cybersecurity, directing Federal agencies to make a series of enhancements in their cybersecurity capabilities, implement software supply chain integrity, and transition to a zero trust architecture. EO 14028, supported by a series of OMB memoranda and Cybersecurity and Infrastructure Security Agency (CISA) directives, represents a fundamental change in approach to how the Government secures its information and information system resources. GSA fully supports the Administration's goals to advance zero trust architecture and has aligned its approach to available best practices from NIST, CISA, and OMB Memorandum M-22-09, Moving the U.S. Government Toward Zero Trust Cybersecurity Principles. In FY 2022, GSA submitted a proposal to the Technology Modernization Fund and was awarded $29.8 million to advance zero trust architecture that focuses on information technology security, including users and devices, networks, and security operations, as described below:

- **Users and devices:** GSA will meet the newer demands of telework through a multi-domain, hybrid cloud architecture approach that adheres to enhanced security principles.
- **Networks:** GSA will implement distinct network security segments by leveraging a secure access service edge, or SASE solution, and, in this manner, upgrade public buildings' security network.
- **Security operations:** GSA will adopt increased machine learning and artificial intelligence-driven algorithms to help connect diverse data sources and highlight threats, while also providing security oversight for cyber supply chain risk management. The agency will continue to enhance core security operations centers, like Government-wide public-facing digital services.

GSA has further aligned its cybersecurity program to the new capability-driven metrics in the FY 2022 FISMA evaluation process, of which 82 of 120 metrics are new this fiscal year. By prioritizing zero trust and the new capability-driven measures, GSA will work to maintain its overall FISMA rating of "Managing Risk" across the five core cybersecurity functions — identify, protect, detect, respond, and recover — and the corresponding nine security domains.

Digital Accountability and Transparency Act

The Federal Financial Accountability and Transparency Act of 2006 (FFATA) requires Federal agencies to report obligations and award-related information for all Federal financial assistance and procurement awards. The Digital Accountability and Transparency Act of 2014 (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, outlay, and budget object class, among other data elements. The DATA Act also requires the Federal Government to collectively standardize the financial data elements that are reportable under the Act. In FY 2022, GSA provided monthly DATA Act submissions and certified those submissions each quarter, as required. This information is publicly accessible on the USAspending website, which allows users to view how Federal tax dollars are spent.

Antideficiency Act

The Antideficiency Act, 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 and 1342.

GSA regularly monitors program spending against the levels apportioned by the Office of Management and Budget as well as the levels of actual resources collected to ensure the agency does not spend more funding than authorized. Additionally, GSA has controls in place in its financial system, Pegasys, to prevent spending above the levels apportioned to GSA's various funds. These systematic controls increase efforts to comply with the Antideficiency Act.

Statement of Assurance

The U.S. General Services Administration (GSA) management is responsible for managing risks and maintaining effective internal controls to meet the objectives of Sections 2 and 4 of the Federal Managers' Financial Integrity Act. GSA conducted its assessment of risk and internal controls in accordance with the Office of Management and Budget (OMB) Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control. GSA management can provide reasonable assurance that internal controls over operations, reporting, and compliance were operating effectively as of September 30, 2022, with the exception of the financial reporting process, where a material weakness has been identified.

GSA identified an accounting error that impacted the temporarily unavailable balances for multiple years. Although the cumulative amount was immaterial, GSA did not have the proper controls over balances to identify the error in a timely manner and adjustments were made in the prior-year Statement of Budgetary Resources. In addition, the audit identified inadequate second-level reviews over manual transactions processed in Pegasys, the Agency's core financial system. GSA implemented multiple corrective actions in FY 2022 to mitigate the issue and will further develop and execute corrective action plans in FY 2023, as described in the "Corrective Action Plans" section. These two control deficiencies when aggregated result in a material weakness.

GSA has assessed that it is in compliance with Federal financial management standards, as required by the Federal Financial Management Improvement Act of 1996 and OMB Circular A-123 Appendix D. GSA is confident that all systems substantially comply with the Federal 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, 2022.

Robin Carnahan

Robin Carnahan
Administrator of General Services
November 14, 2022

Summary of Material Weaknesses

Controls Over Financial Statement Balances

In FY 2022, management identified an issue where the budgetary resources related to certain reimbursable activities were misclassified in the general ledger resulting in errors in current and prior years' balances. In addition, GSA's independent auditors identified a deficiency related to controls over certain manual journal entries. The finding specifically noted insufficient controls in the process where manual transactions were entered in the financial system without a proper second-level review and approval. These two control deficiencies when considered together resulted in a material weakness.

Corrective Action Plans

GSA implemented multiple corrective measures in FY 2022 to address these issues. GSA corrected the error in its financial statements that deferred the recognition of RWA revenue as "direct activities" by recording adjustments to the applicable line items in the Statement of Budgetary Resources (SBR) for fiscal years that ended on September 30, 2022 and 2021. In FY 2023, GSA will update its reporting categories and processes for validating and verifying general ledger balances that are reflected in the Statement of Budgetary Resources.

GSA also reviewed large-dollar transactions to detect the possibility of misstatement in the Consolidated Financial Statements, analyzed the impact of accounting errors, established second-level reviews and approvals over manual transactions with the largest potential impact, randomly sampled the population of manual journal entries, and recorded adjusting entries to correct any significant errors identified. GSA concluded that there were no material misstatements in the aggregate for FY 2022.

To further address the insufficient controls over processes that impact the financial statement balances, GSA will enlist a third party to conduct a comprehensive review of internal controls over manual journal entries into the core financial system and to provide the agency with recommendations for process improvement. GSA will also implement key changes in its workflow processes to incorporate two levels of approvals for manual transactions. For those transactions where the second-level approval can be automated, GSA will initiate the requirements development process to add this functionality within Pegasys, GSA's core financial system, and any other business system interfaces as necessary.

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, helping the agency to stay ahead of emerging risks.

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

In 2022, GSA's Enterprise Risk and Strategic Initiatives Board strengthened the agency's enterprise risk approach. This governance body translates enterprise-level risk strategies into actionable initiatives and implements sound risk management principles across GSA functions and programs. In its first year, the board has identified and begun to address complex, interconnected, and distributed risks to mission delivery.

Current focus areas for enterprise risk management efforts include:

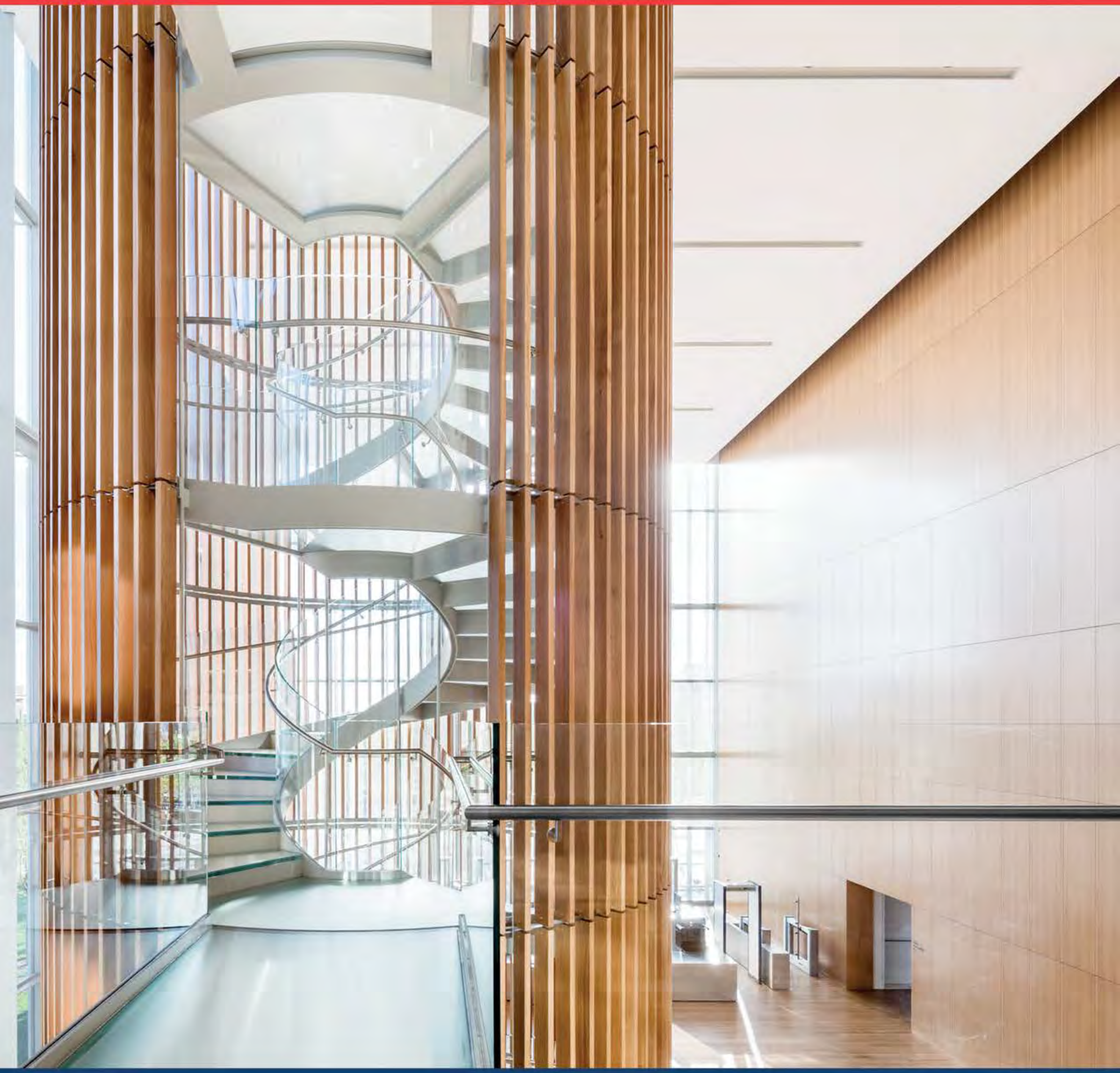
- **Supply Chain Disruptions** — As the Federal Government's leading provider of acquisition services and Schedules, GSA works closely with thousands of suppliers. GSA recognizes the threat posed by supply chain disruptions and has worked with partners to mitigate the effect of those disruptions on mission execution. GSA's Supply Chain Risk Management Executive Board, a governance body established in 2020, prioritizes policies, processes, and oversight to continually identify, monitor, and manage potential supply chain risks.
- **Rapidly Evolving Workforce Skill Needs** — The aftermath of the COVID-19 pandemic and economic challenges have resulted in changing real estate needs, supply chain disruptions, and a dynamic technology landscape to modernize Federal operations. GSA is having to adapt to provide new services and delivery models to meet customer needs. These demands require GSA to identify, acquire, and develop new skills and competencies that will enable GSA to deliver on its mission years into the future.
- **Changes to the Federal Real Estate Portfolio** — GSA manages over 8,300 real estate assets that provide workspace for nearly 1 million Federal employees. 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 potentially decline as agencies maximize the use of hybrid work operations, resulting in increased vacant space in GSA's portfolio. GSA is working 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. GSA is also seeking expanded access to funds that are needed to maintain GSA-controlled Federal assets in a good state of repair; this supports long-term efforts to right-size and modernize GSA's real estate portfolio.
- **Climate Adaptation Responsibilities** — Customer agencies are increasingly asking GSA for guidance, resources, and other forms of assistance regarding risks from the observed and expected changes in climate. As highlighted in the Climate-Related Financial Risk section of this Agency Financial Report, GSA has undertaken an internal climate vulnerability assessment to further evaluate the vulnerabilities of supply chain, real estate,

and other key agency services. The assessment will inform the development of strategies for GSA to help customer agencies address organizational, physical, and fiscal risks posed by climate change.

- **Advancing to Zero Trust** — GSA is working to improve cybersecurity identification, deterrence, and protection against malicious actions and actors by implementing a zero trust architecture to the extent possible within existing Working Capital Fund resources and investment from the Technology Modernization Fund. However, GSA will require dedicated resources to fully achieve this goal and is considering long-term options to invest in a zero trust architecture and mitigate the ever-growing risk of cyberattacks.

Each of the risks described above, if not effectively managed, has the potential to disrupt GSA's ability to meet its organizational objectives and execute its mission. Engaged leadership and an increased willingness to work across business units to manage risk promotes transparency and cultivates a proactive response to emerging threats. By monitoring critical risks, GSA can effectively allocate resources to mitigate those risks and strengthen operations, ultimately maximizing value to customer agencies and taxpayers.

Financials



Letter from the Chief Financial Officer (Unaudited)

Nimisha Agarwal
Chief Financial Officer

On behalf of the U.S. General Services Administration (GSA), I am pleased to provide the FY 2022 Agency Financial Report (AFR). The AFR represents the culmination of our financial management community's efforts to accurately track and disclose GSA's financial status, and to ensure that the agency continues to act as a good steward of public funds.

I would like to sincerely thank all of GSA's financial services personnel for their dedication, diligence, and excellent work in compiling this report, as well as staff from across the agency who partner with the Office of the Chief Financial Officer (OCFO) to ensure GSA-wide accountability and transparency. In my short tenure as GSA's CFO, I have been impressed with GSA's finance functions and commitment to adding value within the agency and across Government, and to faithfully serving the American taxpayers. As the effects of the COVID-19 pandemic have waned during FY 2022, Federal employees have returned to facilities, and the Administration has achieved passage of multiple pieces of legislation, GSA's mission has continued to evolve and become more complex. The finance, strategy, and performance functions within the OCFO have been at the "tip of the spear" in helping GSA rapidly realign and react to changing mission requirements.For all GSA OCFO staff who have worked so hard this year to provide agile and high-value service—thank you. I have complete confidence that OCFO is well positioned to continue serving as GSA's trusted strategic and financial advisor in FY 2023, no matter what new challenges we face.

Audit and Compliance

GSA's independent auditors identified a material weakness in the audit of GSA's financial statements related to reimbursable activities in the Federal Buildings Fund and controls over certain manual journal entries.

GSA implemented multiple corrective measures in FY 2022 to address these findings. GSA corrected the error in its financial statements by recording adjustments to the applicable line items in the Statement of Budgetary Resources (SBR) for fiscal years that ended on September 30, 2022 and 2021. GSA also reviewed large dollar transactions from the beginning of the fiscal year to mitigate the possibility of misstatement in the Consolidated and Consolidating Financial Statements.

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 2022.

FY 2022 Key Accomplishments

In FY 2022, OCFO fulfilled our critical mission to lead enterprise performance and strategy at GSA. We enabled the agency to maintain compliance with the Government Performance and Results Act (GPRA), and our SMEs led the development of GSA's FY 2022-2026 Strategic Plan, FY 2021 Annual Performance Report, and FY 2023 Annual Performance Plan. Our unique vantage point at the intersection of finance, strategy, and performance, allowed us to fully support the GSA Executive Leadership Team in defining a suite of new measures and initiatives that reflect the Administration's innovative and forward-looking priorities.

In addition to developing GSA's foundational strategic and performance plans, we implemented multiple tactical initiatives in FY 2022 to enhance agencywide data analytics, a key input to improving management and strategic decision-making.

- **Our Analytics Community of Practice grew to nearly 300 practitioners** across GSA in FY 2022, facilitated over 40 educational events, and worked to upskill our workforce in competencies including data scripting, analytics, and reporting.
- **We launched a series of new dashboarding tools in FY 2022** to assess and display data related to human capital, budget execution, and business line performance. In addition to providing strategic insights, these automated tools saved practitioners significant work in manually processing and reporting data.
- **We kicked off a broad-scale Financial Data Environment Modernization effort** in FY 2022 to consolidate financial data into a single cloud environment with critical reporting, analytics, and visualization tools. The successful completion of this multi-year initiative will reduce duplication of efforts, enhance analytics capabilities, and better integrate financial and business data.

Not only was our workforce highly engaged in FY 2022, they also delivered excellent customer service and operational performance for GSA. Our supervisors put in the extra effort to maintain OCFO's carefully cultivated culture of high performance and high engagement, as evidenced by our continued strong scores in the FY 2021 Federal Employee Viewpoint Survey (FEVS)—leading to a 17th place finish out of 432 agency sub-components in the Partnership for Public Service's Best Places to Work in the Federal Government. Recent pulse survey results confirm the long-term trends identified in FEVS, as 92 percent of GSA OCFO staff identified they were satisfied working in OCFO's hybrid work environment.

Since launching the Eliminate, Optimize and Automate (EOA) initiative in OCFO in FY 2019, **we have focused on continuously improving and automating business processes and activities**. To date, this program has identified and fully deployed over 120 Robotic Process Automation (RPA) applications at GSA, creating significant workload savings. FY 2022 was another year of great success for the OCFO EOA program, which saw the launch of multiple key initiatives and improvement interventions:

- **We acquired and implemented a new intelligent automation (IA) document capture software to complement existing GSA RPA services**. In a pilot use case, this new IA technology is identifying specific contract elements in over 8,000 Federal leases, to be used with implementation of the upcoming Federal lease accounting standard in FY 2024. In total, the IA tool will review over 600,000 pages of lease documents, identify missing fields, and help GSA employees expedite a tedious, and previously manual task.
- **We improved the Reimbursable Work Authorization (RWA) reconciliation process** resulting in the closing of over 840 completed RWAs, and permitting customer agencies to deobligate over $27 million.
- **We completed the requirements definition and implementation planning for bringing a new budget system, OneStream, online in FY 2023** to manage the FY 2025 Formulation Process. The new enterprise budget system will create one system of record, consolidate previously disparate data systems and budget formulation processes, and generate GSA-wide efficiencies.

OCFO staff successfully adapted to challenging working conditions in FY 2022, and made it another year of high performance for GSA. We demonstrated our resilience, our commitment to generating value for our agencywide and Government-wide partners, and our dedication to keeping OCFO an engaging place to work. I feel great confidence and anticipation, as I look to FY 2023, that together the OCFO team will deliver even greater service.

Sincerely,

Nimisha Agarwal
Chief Financial Officer
November 14, 2022

U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

November 15, 2022

TO: ROBIN CARNAHAN
ADMINISTRATOR (A)

NIMISHA AGARWAL
CHIEF FINANCIAL OFFICER (B)

FROM: CAROL F. OCHOA
INSPECTOR GENERAL (J)

CAROL OCHOA

Digitally signed by CAROL OCHOA
Date: 2022.11.15 13:41:23 -05'00'

SUBJECT: Independent Auditors' Report
U.S. General Services Administration's
Financial Statements – Fiscal Years 2022 and 2021
November 14, 2022

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 (ASF), and Federal Buildings Fund (FBF) financial statements as of September 30, 2022, and 2021.

The contract required KPMG to perform the audits in accordance with U.S. generally accepted government auditing standards; the Office of Management and Budget's Bulletin No. 22-01, *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 2022 and 2021*. The Fiscal Years 2022 and 2021 audits resulted in unmodified opinions on the financial statements. An unmodified opinion means that the consolidated, ASF, and FBF financial statements are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles.

In its audits of GSA's Fiscal Years 2022 and 2021 financial statements, KPMG found:

- The consolidated, ASF, and FBF financial statements were fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles;

- 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 considers to be a material weakness. As described in Exhibit I of the audit report, KPMG reported deficiencies in controls over certain manual journal entries and transactions related to certain reimbursable work agreements.

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 the audit report. Also, on November 14, 2022, 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 audits.

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 audits at key milestones;
- Performing periodic reviews of KPMG’s workpapers;
- Attending key meetings with GSA management and KPMG auditors to discuss audit progress, findings, and recommendations; and
- Performing other procedures that we deemed necessary.

In connection with the contract, we reviewed KPMG’s report and related documentation and inquired of its representatives. Our review, as differentiated from an audit of the financial statements in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, opinions on GSA’s financial statements, conclusions about the effectiveness of internal control over financial reporting, conclusions on whether GSA’s financial management systems substantially complied with the requirements of the Federal Financial Management Improvement Act, or opinions on compliance with laws and other matters. KPMG is responsible for the attached independent auditors’ report dated November 14, 2022, 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 audits. 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 Audits of the Financial Statements

Opinions

We have audited the consolidated financial statements of the U.S. General Services Administration (GSA), which comprise the consolidated balance sheets as of September 30, 2022 and 2021, 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 financial statements of the Acquisition Services Fund (ASF), which comprise the balance sheets as of September 30, 2022 and 2021, 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 financial statements of the Federal Buildings Fund (FBF), which comprise the balance sheets as of September 30, 2022 and 2021, 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").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the U.S. General Services Administration as of September 30, 2022 and 2021, 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 accompanying ASF financial statements present fairly, in all material respects, the financial position of the Acquisition Services Fund as of September 30, 2022 and 2021, 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 accompanying FBF financial statements present fairly, in all material respects, the financial position of the Federal Buildings Fund as of September 30, 2022 and 2021, 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.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 22-01, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 22-01 are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of GSA, ASF, and FBF and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other Matter - Interactive Data

Management has elected to reference to information on websites or other forms of interactive data outside the GSA's 2022 *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 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated, ASF, and FBF financial statements in accordance with U.S. generally accepted accounting principles, and for 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' Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole, ASF financial statements as a whole, and FBF financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 22-01 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated, ASF, and FBF financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 22-01, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated, ASF, and FBF financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated, ASF, and FBF financial statements.
- Obtain an understanding of internal control relevant to the audit 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 GSA's, ASF's, and FBF's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated, ASF, and FBF financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control related matters that we identified during the audits.

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 is the responsibility of management and, 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 GAAS, 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.

Other Information

Management is responsible for the other information included in the GSA's 2022 *Agency Financial Report*. The other information comprises the GSA Websites, Table of Contents, Brief Overview of the AFR, Acknowledgements, 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 but does not include the consolidated, ASF, and FBF financial statements and our auditors' report thereon. Our opinions on the consolidated, ASF, and FBF financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the consolidated, ASF, and FBF financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated, ASF, and FBF financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the 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 is presented for purposes of additional analysis and is not a required part of the consolidated, ASF, or FBF financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated, ASF, and FBF financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated, ASF, and FBF financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated ASF, and FBF financial statements or to the consolidated financial statements themselves, ASF financial statements themselves, and FBF financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole, ASF financial statements as a whole, and FBF financial statements as a whole.

KPMG

Report on 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, 2022, 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*.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in Exhibit I, we identified certain deficiencies in internal control that we consider to be a material weakness.

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. We consider the deficiencies described in Exhibit I to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the consolidated, ASF, and FBF financial statements as of and for the year ended September 30, 2022 are free from material misstatement, we performed tests of GSA's, ASF's, and FBF's 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. 22-01.

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 Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on GSA's response to the finding identified in our audits and described in Exhibit I. GSA's response was not subjected to the other auditing procedures applied in the audits of the consolidated, ASF, and FBF financial statements and, accordingly, we express no opinion on the response.

Purpose of the Reporting Required by Government Auditing Standards

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections 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 14, 2022

1. Deficiencies in Internal Controls over Financial Reporting

Internal control is the process designed, implemented, and maintained to provide reasonable assurance about the achievement of an entity's objectives, including those related to the reliability of financial reporting. During fiscal year 2022, we noted certain deficiencies related to internal controls over financial reporting that we considered collectively to be a material weakness.

A. Deficiencies in Controls over Certain Manual Journal Entries

Condition

During fiscal year 2022, we noted that GSA's controls over the review and approval of certain manual journal entries were not appropriately designed and implemented to determine that transactions are properly authorized prior to posting in the general ledger and that the authorized transactions are posted correctly. Specifically, we noted that GSA's accounting system did not require certain manual journal entries to be reviewed and approved before being posted to the general ledger, and GSA did not have controls in place to validate that such entries posted correctly. Accordingly, GSA staff were able to prepare and record various types of manual journal entries in the general ledger without approval by an individual other than the preparer. At the time we performed our procedures, GSA did not have manual compensating controls in place to address the related risks.

As a result of this audit finding and the overarching lack of automated controls, GSA management completed secondary management reviews at the end of the fiscal year over certain manual journal entries using a risk-based approach to determine if such entries were properly supported and were accurately recorded in accordance with Federal accounting standards.

Criteria

The Government Accountability Office *Standards for Internal Control in the Federal Government*, dated September 2014, Principle 7, *Identify, Analyze, and Respond to Risks*, and Principle 10, *Design Control Activities.*

Cause

GSA's accounting system was not designed to require certain manual journal entries to be electronically approved before being posted to the general ledger, and management had not identified a related risk and implemented manual compensating review controls over these journal entries.

Effect

Without proper review and approval controls over manual journal entries, an increased risk exists that material misstatements in GSA's financial statements will not be prevented or detected and corrected in a timely manner.

Recommendations

We recommend that GSA:

1. Configure the accounting system to enforce secondary review and approval of manual journal entries prior to posting to the general ledger.

2. Design and implement manual compensating controls, until system controls have been implemented, that require all types of journal entries to be reviewed and approved by an individual other than the preparer. Evidence of such reviews should be documented and maintained.

Management's Response

GSA concurs with this finding.

B. Deficiencies in Controls over Transactions Related to Certain Reimbursable Work Agreements

Background

FBF may enter into Reimbursable Work Agreements (RWAs) with federal customer agencies for various projects, including the construction or improvement of GSA owned buildings. While RWA budgetary resources are available for obligation at the time the RWA is executed, budgetary resources from other sources of revenue, such as rent (referred to as direct activities), are only available for obligation to the extent authorized by Congress under the annual appropriations law. GSA records the portion of budgetary resources related to direct activities that is not immediately available for obligation as offsetting collections temporarily precluded from obligation.

Condition

We noted that GSA management did not have effectively designed and implemented controls to timely determine that (1) transactions recorded as offsetting collections temporarily precluded from obligation were correctly coded in the accounting system, and (2) the balance of this account as of the end of the fiscal year represented valid resources temporarily precluded from obligation. Specifically, in the current year, management determined that budgetary resources from certain RWA revenues collected in the total amount of $1.1 billion were incorrectly coded as direct activities and recognized in GSA's financial statements as offsetting collections temporarily precluded from obligation instead of budgetary resources available for obligation since fiscal year 2015. This error was corrected in the fiscal year 2022 financial statements.

Criteria

The Government Accountability Office *Standards for Internal Control in the Federal Government*, dated September 2014, Principle 7, *Identify, Analyze, and Respond to Risks*, Principle 12, *Implement Control Activities*, and Principle 16, *Perform Monitoring Activities*.

Cause

GSA's risk assessment process did not identify the proper coding of these types of transactions in the accounting system and the validity of the offsetting collections temporarily precluded from obligation account balance as risks that required additional controls.

Effect

The condition noted above initially resulted in an understatement of total budgetary resources and unapportioned, unexpired accounts, of approximately $1.1 billion as of September 30, 2022.

In addition, without proper controls in place to periodically review the balance of the offsetting collections temporarily precluded from obligation account, an increased risk exists that material misstatements in GSA's statements of budgetary resources will not be detected and corrected in a timely manner.

Recommendations

We recommend that GSA:

1. Review the coding of transactions associated with RWAs in GSA's accounting system and make the necessary revisions to ensure such transactions are recorded in accordance with the U.S. Generally Accepted Accounting Principles.

2. Design and implement controls to periodically review the validity of the offsetting collections temporarily precluded from obligation account balance.

Management's Response

GSA concurs with this finding.

Consolidated Financial Statements

Consolidated Balance Sheets

As of September 30, 2022 and September 30, 2021
(Dollars in Millions)

	2022	2021
ASSETS		
Intragovernmental		
Fund Balance with Treasury (Notes 1-D, 2)	**$25,447**	$17,290
Accounts Receivable, Net (Note 4)	**6,237**	5,313
Advances and Prepayments	**29**	54
Other Assets (Note 5)	**152**	139
Total Intragovernmental	**31,865**	22,796
Other Than Intragovernmental		
Accounts Receivable, Net (Note 4)	**215**	138
General Property, Plant, and Equipment, Net (Notes 1-E, 6)	**26,865**	27,297
Advances and Prepayments	**—**	14
Other Assets (Note 5)	**54**	58
Total Other Than Intragovernmental	**27,134**	27,507
TOTAL ASSETS	**58,999**	50,303
Stewardship PP&E (Note 6-F)		
LIABILITIES		
Intragovernmental		
Accounts Payable	**10**	13
Advances From Others and Deferred Revenue	**48**	45
Other Liabilities (Note 9)	**1,123**	1,190
Total Intragovernmental	**1,181**	1,248
Other Than Intragovernmental		
Accounts Payable	**6,251**	5,466
Federal Debt and Interest Payable	**650**	661
Federal Employee Benefits Payable	**266**	278
Environmental and Disposal Liabilities (Notes 6, 10-A)	**1,923**	1,912
Advances From Others and Deferred Revenue	**9**	11
Other Liabilities (Note 9)	**912**	778
Total Other Than Intragovernmental	**10,011**	9,106
TOTAL LIABILITIES (Note 11)	**11,192**	10,354
Commitments and Contingencies (Notes 13-B, 10-A)		
NET POSITION		
Unexpended Appropriations - Funds From Other Than Dedicated Collections	**8,594**	1,972
Total Unexpended Appropriations (Consolidated)	**8,594**	1,972
Cumulative Results of Operations - Funds From Dedicated Collections (Note 14)	**408**	177
Cumulative Results of Operations - Funds From Other Than Dedicated Collections (Note 14)	**38,805**	37,800
CRO-Eliminations between Dedicated and Other	**—**	—
Total Cumulative Results of Operations (Consolidated)	**39,213**	37,977
TOTAL NET POSITION	**47,807**	39,949
TOTAL LIABILITIES & NET POSITION	**$58,999**	$50,303

The accompanying notes are an integral part of these statements.

Consolidated Statements of Net Cost

For the Fiscal Years Ended September 30, 2022 and September 30, 2021
(Dollars in Millions)

		2022	2021
Manage Building Operations	Earned Revenues	**$11,829**	$11,844
	Less: Operating Expenses	**11,396**	11,047
	Net Revenues from Operations	**433**	797
Provide Acquisition Services	Earned Revenues	**20,501**	19,785
	Less: Operating Expenses	**20,152**	19,305
	Net Revenues from Operations	**349**	480
Working Capital and General Programs	Earned Revenues	**60**	55
	Less: Operating Expenses	**363**	417
	Net Cost of Operations	**(303)**	(362)
GSA Consolidated Net Results	Earned Revenues	**32,390**	31,684
	Less: Operating Expenses	**31,911**	30,769
	Net Revenues from Operations	**$479**	$915

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Position

For the Fiscal Years Ended September 30, 2022 and September 30, 2021
(Dollars in Millions)

	2022	2021
BEGINNING BALANCE OF NET POSITION:		
Unexpended Appropriations	**$1,972**	$933
Cumulative Results of Operations	**37,977**	36,372
Net Position Beginning Balance	**39,949**	37,305
CHANGES IN UNEXPENDED APPROPRIATIONS:		
Appropriations Received	**7,061**	1,449
Appropriations Used	**(346)**	(403)
Appropriations Adjustments and Transfers (To) From Other Agencies or Funds	**(93)**	(7)
Net Change in Unexpended Appropriations	**6,622**	1,039
RESULTS OF OPERATIONS:		
Net Revenues From Operations	**479**	915
Appropriations Used (Note 1-C)	**346**	403
Non-Exchange Revenue (Notes 1-C, 1-D)	**291**	96
Imputed Financing Provided By Others	**101**	147
Transfers of Financing Sources (To) From the U.S. Treasury	**(26)**	(10)
Transfers of Net Assets and Liabilities (To) From Other Federal Agencies	**55**	70
Other	**(10)**	(16)
Net Change in Cumulative Results of Operations	**1,236**	1,605
ENDING BALANCE OF NET POSITION:		
Unexpended Appropriations	**8,594**	1,972
Cumulative Results of Operations	**39,213**	37,977
Net Position Ending Balance	**$47,807**	$39,949

The accompanying notes are an integral part of these statements.

Combined Statements of Budgetary Resources

For the Fiscal Years Ended September 30, 2022 and September 30, 2021
(Dollars in Millions)

	2022	2021
BUDGETARY RESOURCES		
Unobligated Balance from Prior Year Budget Authority, Net (Note 13)	**$10,897**	$9,617
Appropriations	**7,088**	1,475
Spending Authority from Offsetting Collections	**35,771**	32,649
Total Budgetary Resources	**53,756**	43,741
STATUS OF BUDGETARY RESOURCES		
New Obligations and Upward Adjustments	**36,042**	34,025
Unobligated Balance, End of Period		
Apportioned, Unexpired Accounts	**10,118**	5,855
Unapportioned, Unexpired Accounts	**7,553**	3,816
Unexpired Unobligated Balance, End of Period	**17,671**	9,671
Expired Unobligated balance, End of Period	**43**	45
Unobligated Balance, End of Period, Total	**17,714**	9,716
Total Status of Budgetary Resources	**53,756**	43,741
OUTLAYS, NET		
Net Outlays (Receipts) from Operating Activity	**(977)**	(1,196)
Distributed Offsetting Receipts	**(225)**	(74)
Total Net Agency Outlays (Receipts)	**$(1,202)**	$(1,270)

The accompanying notes are an integral part of these statements.

Notes to the Financial Statements

(For the Fiscal Years Ended September 30, 2022, and September 30, 2021)

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)
- 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 1-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 Fund
- Environmental Review Improvement Fund [3,4]
- Expenses, Disposal of Surplus Real and Related Personal Property
- Expenses, Transportation Audit Contracts and Contract Administration
- Expenses, Acquisition Workforce Training Fund

---

[3] This fund, as of September 30, 2022, has yet to receive any funds from dedicated collections.

[4] Management of the Environmental Review Improvement Fund was transferred out of GSA in FY20. The Agency still has an obligation to report residual balances to the Treasury.

- 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 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
- 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.

In FY 2022, GSA Implemented SFFAS 59, *Accounting and Reporting of Government Land.* See Required Supplementary Information section of the AFR for disclosure details.

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 2022, realigning intragovernmental receivables and liabilities, 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 2021 balance sheet was modified to be consistent with the FY 2022 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, 2022, and 2021, 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 $332 million in fees, constituting 2 percent of ASF revenues in FY 2022, and $252 million in fees, constituting 1 percent of ASF revenues in FY 2021.

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. 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. See Required Supplementary Information section of the AFR for disclosure details.

Depreciation and amortization of property and equipment are calculated on a straight-line basis over their initial or remaining useful lives. Leasehold Improvements are amortized over the lesser of their useful lives, generally 5 years, or the unexpired lease 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 2 years or more is required. With implementation of this standard, GSA adopted minimum dollar thresholds per system that would be required before capitalization would be warranted. For the FBF, this minimum threshold is $1 million. For all other funds, it is $250,000. Once completed, software applications are depreciated over an estimated useful life determined on a case-by-case basis, ranging from 3 to 10 years.

GSA also has Other Equipment which is made up of group assets and non group assets. These assets collectively cost $10,000 or more per item or per purchase order and have useful lives that range from 3-15 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, 2022, and September 30, 2021.

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, 2022, and September 30, 2021, 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 large increase in the FBwT is primarily attributable to funding received by the Federal Buildings Fund (FBF) from the Inflation Reduction Act of 2022 (P.L. 117-169) of approximately $3.4 billion and the Infrastructure Investment and Jobs Act (P.L. 117-58) funding of approximately $3.4 billion. The following schedule presents elements of the FBwT:

2B. Fund Balance with Treasury

(Dollars in Millions)

2022	Obligated Balance, Net[1]	Unobligated Balance Available	Unobligated Balance Unavailable	Non-Budgetary FBwT	Total
FBF	**$(395)**	**$8,328**	**$13,295**	**$—**	**$21,228**
ASF	**(1,090)**	**821**	**2,432**	**—**	**2,163**
Other Funds	**332**	**943**	**399**	**382**	**2,056**
Total	**$(1,153)**	**$10,092**	**$16,126**	**$382**	**$25,447**

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

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). 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 $285 million and $111 million at September 30, 2022, and September 30, 2021, respectively, of which $12 million and $6 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 $43 million and $45 million at September 30, 2022, and September 30, 2021, respectively. The FBF has balances that are temporarily unavailable in accordance with annual appropriations acts that limit the amount of reimbursable resources that are available for spending each year. Such amounts totaled $8.5 billion and $7.8 billion at September 30, 2022 and September 30, 2021, 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 $1 million in FY 2022 and $3 million FY 2021, 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, 2022, and 2021, 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 $97 million and $33 million, as of September 30, 2022, and 2021, respectively.

4. Accounts and Notes Receivable, Net

Substantially all accounts receivable are from other Federal agencies, with only 3.3 percent and 2.5 percent due from non-Federal customers as of September 30, 2022, and September 30, 2021, 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, 2022, and September 30, 2021, accumulated unrecognized interest on all notes deemed uncollectible totaled $351 million and $309 million, respectively. A summary of accounts receivable as of September 30, 2022 and September 30, 2021, is as follows:

4. Accounts Receivable
(Dollars in Millions)

Fund	FBF		ASF		Other Funds		Less: Intra-GSA Eliminations		GSA Consolidated	
Fiscal Year	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Accounts Receivable - Billed	**$120**	$88	**$135**	$90	**$45**	$2	**$—**	$—	**$300**	$180
Accounts Receivable - Unbilled	**313**	247	**5,793**	5,009	**128**	69	**(51)**	(39)	**6,183**	5,286
Allowance for Doubtful Accounts	**(24)**	(3)	**(6)**	(11)	**(1)**	(1)	**—**	—	**(31)**	(15)
Total Accounts Receivable, Net	**$409**	$332	**$5,922**	$5,088	**$172**	$70	**$(51)**	$(39)	**$6,452**	$5,451

5. Other Assets

As of September 30, 2022, and 2021, Other Assets were comprised of the following balances:

5. Other Assets
(Dollars in Millions)

Fund	FBF		ASF		Other Funds		GSA Consolidated	
Fiscal Year	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Intragovernmental								
Intangible Assets	**$—**	$—	**$—**	$1	**$—**	$—	**$—**	$1
Miscellaneous	**152**	138	**—**	—	**—**	—	**152**	138
Total Other Assets - Intragovernmental	**152**	138	**—**	1	**—**	—	**152**	139
Other than Intragovernmental								
Surplus Property Held for Sale	**35**	34	**13**	14	**—**	—	**48**	48
Intangible Assets	**—**	—	**4**	8	**—**	—	**4**	8
Miscellaneous	**2**	2	**—**	—	**—**	—	**2**	2
Total Other Assets - Other Than Intragovernmental	**37**	36	**17**	22	**—**	—	**54**	58
Total Other Assets	**$189**	$174	**$17**	$23	**$—**	$—	**$206**	$197

6. Property and Equipment, Net

A. Summary of Balances

Balances in GSA Property and Equipment accounts as of September 30, 2022, and September 30, 2021, are summarized below:

6A-1. Property and Equipment
(Dollars in Millions)

Fiscal Year	2022			2021		
Accounting Category	**Cost**	**Accumulated Depreciation**	**Net book Value**	**Cost**	**Accumulated Depreciation**	**Net book Value**
Buildings:						
FBF	**$54,097**	**$34,711**	**$19,386**	$52,553	$32,990	$19,563
Leasehold Improvements:						
FBF	**193**	**183**	**10**	194	186	8
ASF	**11**	**10**	**1**	13	11	2
Other Funds:	**4**	**4**	**—**	4	4	—
Total Leasehold Improvements	**208**	**197**	**11**	211	201	10
Motor Vehicles:						
ASF	**6,744**	**2,787**	**3,957**	6,540	2,554	3,986
Land:						
FBF	**1,918**	**—**	**1,918**	1,892	—	1,892
Construction in Process:						
FBF	**1,523**	**—**	**1,523**	1,773	—	1,773
ASF	**3**	**—**	**3**	1	—	1
Other Funds	**—**	**—**	**—**	—	—	—
Total Construction in Process	**1,526**	**—**	**1,526**	1,774	—	1,774
Other Equipment:						
FBF	**103**	**91**	**12**	103	91	12
ASF	**126**	**78**	**48**	127	76	51
Other Funds	**51**	**44**	**7**	48	39	9
Total Other Equipment	**280**	**213**	**67**	278	206	72
Total Property and Equipment	**$64,773**	**$37,908**	**$26,865**	$63,248	$35,951	$27,297

6A-2. Total Property and Equipment Summary of Changes
(Dollars in Millions)

Fiscal Year	2022				2021			
Fund	FBF	ASF	Other Funds	GSA Consolidated	FBF	ASF	Other Funds	GSA Consolidated
Net Book Value - Beginning	**$23,249**	**$4,039**	**$9**	**$27,297**	$23,287	$4,062	$12	$27,361
Capitalized Acquisitions	**1,375**	**717**	**2**	**2,094**	1,681	794	5	2,480
Disposals	**(37)**	**(131)**	**—**	**(168)**	—	(202)	—	(202)
Depreciation Expense	**(1,738)**	**(615)**	**(5)**	**(2,358)**	(1,719)	(615)	(8)	(2,342)
Net Book Value - Ending	**$22,849**	**$4,010**	**$6**	**$26,865**	$23,249	$4,039	$9	$27,297

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,* and 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, 2022, and September 30, 2021, 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)

Fiscal Year	2022	2021
Environmental Liabilities (external releases to the environment)	**$98**	$104
Asbestos Liabilities	**1,511**	1,489
PP&E: Non-asbestos Liabilities	**314**	299
Total Environmental and Disposal Liabilities (amortized)[1]	**$1,923**	$1,892

[1] *Does not include a $20 million liability for non-GSA Assets that is included in the FY 21 Balance Sheet.*

C. Environmental Liabilities: External Releases to the Environment

PBS reported a total estimated environmental liability (releases to the environment) of $98.4 million for FY 2022. This is a decrease from $103.6 million for FY 2021. 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, 2022, and September 30, 2021, GSA's FBF had $35.9 million for and $33.6 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.

The amortized asbestos-related liabilities reported as of September 30, 2022, are $1.51 billion, which is a slight increase from FY 2021, which was $1.49 billion. During FY 2022, changes to GSA's total estimated liability consisted of cost re-estimates, inflation, and amortization of remaining future year costs. The increase is due to refinements in asbestos liability cost factors based upon updated building asbestos abatement cost estimates. The unamortized asbestos liability for FY 2022 is $4.9 million; in FY 2021, this amount was $5.2 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. As of September 30, 2022, the amortized PP&E non-asbestos related liabilities are $313.9 million, compared to FY 2021 of $299.1 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 as of September 30, 2022 is $43.6 million; this amount was $43.2 million in FY 2021.

F. Heritage Assets

The age of GSA buildings is approximately 50 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 2022, GSA has under its jurisdiction, custody and control 429 buildings on the National Register. An additional 86 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 who are injured on the job or have 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 2022 and FY 2021 were calculated by DOL using the following discount rates:

7. Discount Rates

Fiscal Year	2022		2021	
Type of Benefits	**Year 1**	**Year 2 and thereafter**	Year 1	Year 2 and thereafter
Wage Benefits	**2.12%**	**2.12%**	2.23%	2.23%
Medical Benefits	**1.97%**	**1.97%**	2.06%	2.06%

At September 30, 2022, and 2021, GSA's actuarial liability, reported in Federal Employee Benefits Payables on the balance sheet, totaled $104 million and $118 million, respectively. As reported in Note 9, Other Intragovernmental Liabilities on the balance sheet, the Workers Compensation accrued liability at September 30, 2022, and 2021, totaled $19 million and $21 million, respectively.

8. Leasing Arrangements

As of September 30, 2022, 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 is the schedule of future minimum rental payments required under leases that have non-cancelable terms in excess of 1 year.

8-1. Future Minimum Rental Payments[1]

(Dollars in Millions)

OPERATING LEASES	
Fiscal Year	**FBF**
2023	$4,030
2024	3,619
2025	3,156
2026	2,820
2027	2,511
2028 and thereafter	12,316
Total future minimum lease payments	**$28,452**

[1] *FBF has paid off or received credit that reduced capital lease liabilities to zero. While all payments have been made, as of September 30, 2022, GSA still remained in two lease agreements that would meet the definition of a capital lease per FASAB.*

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 1 year:

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

Fiscal Year	FBF	ASF	TOTAL
2023	$1,760	$7	$1,767
2024	1,426	5	1,431
2025	1,281	3	1,284
2026	1,217	2	1,219
2027	1,144	—	1,144
2028 and thereafter	6,623	—	6,623
Total future minimum lease receipts	**$13,451**	**$17**	**$13,468**

For three 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. 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
2023	$4
2024	3
2025	3
2026	2
2027	2
2028 and thereafter	7
Total future minimum rental receipts	**$21**

Rental income under space assignment agreements and related reimbursable arrangements for tenant improvements and above-standard service requirements approximated $6.6 billion for FY 2022 and $6.5 billion FY 2021, respectively. The vast majority of the rental income in FY 2022 comes from Federal agencies and entities, while only $17.9 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 2022 and $5.6 billion for FY 2021. Of the $5.6 billion in FY 2022 rent expense, only $27.1 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 2022 million and $300 million for FY 2021, and accumulated amortization on such structures of $300 million for FY 2022 and $299 million for FY 2021. 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, 2022, and September 30, 2021, 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 Liabilities
(Dollars in Millions)

Fund	FBF		ASF		Other Funds		Less: Intra-GSA Eliminations		GSA Consolidated	
Fiscal Year	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
INTRAGOVERNMENTAL										
Workers' Compensation Due to DOL	**$12**	$12	**$4**	$6	**$3**	$3	**$—**	$—	**$19**	$21
Federal Benefit Withholdings	**3**	8	**2**	5	**2**	4	**—**	—	**7**	17
Deferred Revenues - Federal	**536**	575	**2**	3	**—**	—	**—**	—	**538**	578
Judgment Fund Liability	**524**	524	**—**	—	**—**	—	**—**	—	**524**	524
Deposits in General Funds	**—**	—	**—**	—	**1**	2	**—**	—	**1**	2
Deposits Other Agencies	**—**	—	**—**	—	**5**	5	**—**	—	**5**	5
Other Liabilities Obligations	**1**	2	**26**	29	**16**	23	**(14)**	(11)	**29**	43
Total Intragovernmental Liabilities	**$1,076**	$1,121	**$34**	$43	**$27**	$37	**$(14)**	$(11)	**$1,123**	$1,190
OTHER THAN INTRAGOVERNMENTAL										
Accrued Funded Payroll and Leave	**$12**	$31	**$9**	$23	**$30**	$18	**$—**	$—	**$51**	$72
Legal Contingencies	**1**	1	**—**	—	**—**	—	**—**	—	**1**	1
Contract Holdbacks	**1**	—	**—**	—	**—**	—	**—**	—	**1**	—
Liability for Non-Fiduciary Deposit Funds and Undeposited Collections	**—**	—	**—**	—	**64**	23	**—**	—	**64**	23
Capital Lease Liability	**—**	4	**—**	—	**—**	—	**—**	—	**—**	4
Unamortized Rent Abatement and Other Liabilities Without Related Budgetary Obligations	**793**	678	**2**	—	**—**	—	**—**	—	**795**	678
Total Other Than Intragovernmental Liabilities	**$807**	$714	**$11**	$23	**$94**	$41	**$—**	$—	**$912**	$778

10. Contingencies

A. 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, 2022 and September 30, 2021 are summarized in the table below:

10A. Accrued and Reasonably Possible Contingencies

(Dollars in Millions)

2022	Accrued Liabilities	Estimated Range of Loss	
Legal Contingencies		**Lower End**	**Upper End**
Probable - FBF	**$1**	**$1**	**$3**
Probable - Other Funds	**—**	**—**	**1**
Total Probable	**1**	**1**	**4**
Reasonably Possible - ASF		**—**	**2**
Reasonably Possible - FBF		**74**	**211**
Reasonably Possible - Other Funds		**—**	**2**
Total Reasonably Possible		**74**	**215**
Environmental Contingencies			
Probable - Other Funds	**$—**	**$—**	**$39**
Reasonably Possible - Other Funds		**—**	**161**

2021	Accrued Liabilities	Estimated Range of Loss	
Legal Contingencies		**Lower End**	**Upper End**
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

B. 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. As of September 30, 2022 and 2021 GSA owed the U.S. Treasury Judgment Fund $524 million for contract disputes that were paid on GSA's behalf.

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:

10B. Judgment Fund Payments
(Dollars in Millions)

Fiscal Year	2022	2021
FBF	**$—**	$1
Other Funds	**3**	53
Total Judgment Fund Payments	**$3**	$54

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 2022 and FY 2021, GSA recorded $3 million and $53 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.

For the Other Funds, there is a significant decrease in claims paid by the U.S. Treasury Judgment Fund from the prior year as there were more Environmental claims that were settled last fiscal year as compared to this fiscal year, most notably one for over $37 million.

11. Liabilities Not Covered By Budgetary Resources

As of September 30, 2022, and 2021, 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)

Fund	FBF		ASF		Other Funds		Less: Intra-GSA Eliminations		GSA Consolidated	
Fiscal Year	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
INTRAGOVERNMENTAL										
Other Liabilities										
Benefit Program Contributions Payable	**$12**	$12	**$4**	$6	**$3**	$3	**$—**	$—	**$19**	$21
Deferred Revenues - Federal	**3**	4	**2**	3	**—**	—	**—**	—	**5**	7
Judgment Fund Liability	**524**	524	**—**	—	**—**	—	**—**	—	**524**	524
Other Intragovernmental Liabilities	**—**	—	**5**	—	**9**	11	**(14)**	(11)	**—**	—
Total Intragovernmental Liabilities Not Covered by Budgetary Resources	**539**	540	**11**	9	**12**	14	**(14)**	(11)	**548**	552
OTHER THAN INTRAGOVERNMENTAL										
Federal Debt and Interest Payable	**650**	661	**—**	—	**—**	—	**—**	—	**650**	661
Federal Employee Benefits Payable										
Annual Leave Liability	**60**	62	**46**	43	**37**	37	**—**	—	**143**	142
Other Federal Employee Benefits Payable	**—**	—	**—**	—	**15**	14	**—**	—	**15**	14
Worker's Compensation Actuarial Liability	**63**	71	**25**	28	**16**	18	**—**	—	**104**	117
Environmental and Disposal Liabilities	**1,923**	1,892	**—**	—	**—**	20	**—**	—	**1,923**	1,912
Other Liabilities	**1**	5	**2**	—	**—**	—	**—**	—	**3**	5
Total Other Than Intragovernmental Liabilities Not Covered by Budgetary Resources	**2,697**	2,691	**73**	71	**68**	89	**—**	—	**2,838**	2,851
Total Liabilities Not Covered By Budgetary Resources	**3,236**	3,231	**84**	80	**80**	103	**(14)**	(11)	**3,386**	3,403
Total Liabilities Covered By Budgetary Resources	**1,573**	1,570	**5,275**	4,592	**135**	109	**(37)**	(28)	**6,946**	6,243
Total Liabilities Not Requiring Budgetary Resources	**783**	668	**—**	—	**77**	40	**—**	—	**860**	708
Total Liabilities	**$5,592**	$5,469	**$5,359**	$4,672	**$292**	$252	**$(51)**	$(39)	**$11,192**	$10,354

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 - Other Than Intragovernmental 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 2023 President's Budget, which contains FY 2021 financial statement results. The FY 2024 President's Budget, containing FY 2022 actual results, is expected to be released in February 2023, on OMB's website and GSA's Congressional Justification on gsa.gov. 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.

The following two schedules highlight the most significant comparable amounts reported in the FY 2021 CSBR and the FY 2023 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 $43.7 billion and $17.4 billion as of September 30, 2021, respectively, represent budgetary resources net of FBF's unavailable budgetary resources of $7.8 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)

Fund	FBF		ASF		OTHER FUNDS		GSA COMBINED		
Budget Event	CSBR	Pres. Budget	CSBR	Pres. Budget	CSBR	Pres. Budget	CSBR	Pres. Budget	Difference
Budgetary Resources	$25,201	$25,200	$23,698	$23,699	$2,625	$2,575	$51,524	$51,474	$50
New Obligations and Upward Adjustments	11,356	11,356	21,601	21,601	1,068	1,066	34,025	34,023	2
Net Outlays (Receipts) from Operating Activities	(965)	(966)	(517)	(517)	286	287	(1,196)	(1,196)	—
Distributed Offsetting Receipts	—	—	—	—	(74)	—	(74)	—	(74)

12-2. Components of each difference all funds combined

(Dollars in Millions)

Category	Budgetary Resources	New Obligations and Upward Adjustments	Net Outlays (Receipts) from Operating Activities	Distributed Offsetting Receipts
Combined Statement of Budgetary Resources	$51,524	$34,025	$(1,196)	$(74)
Expired Funds, Not Reflected in the Budget	(49)	(2)	—	—
Offsetting Receipts, Not Reflected in the Budget	—	—	—	74
Other	(1)	—	—	—
Budget of the U.S. Government	51,474	34,023	(1,196)	—

13. Combined Statements of Budgetary Resources

A. Adjustments to Unobligated Balances Brought Forward

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 2022 or FY 2021.

13A.1. Adjustments to Unobligated Balances Brought Forward

(*Dollars in Millions)*

Fund	FBF		ASF		Other Funds		GSA Combined	
Fiscal Year	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Prior Year Total Unobligated Balance, End of Period	**$6,062**	$6,162	**$2,097**	$1,701	**$1,557**	$378	**$9,716**	$8,241
Adjustments to Unobligated Balance Brought Forward								
Unobligated Balance transferred to other accounts	**—**	—	**—**	—	**(256)**	(17)	**(256)**	(17)
Unobligated Balance transferred from other accounts	**—**	—	**105**	—	**25**	10	**130**	10
Adjustment of Unobligated Balance Brought Forward, October 1	**—**	—	**—**	—	**—**	—	**—**	—
Recoveries of Prior Year Unpaid Obligations	**111**	112	**1,135**	1,234	**67**	39	**1,313**	1,385
Other Changes in Unobligated Balance	**4**	2	**5**	5	**(15)**	(9)	**(6)**	(2)
Total Adjustments to Unobligated Balance Brought Forward	**115**	114	**1,245**	1,239	**(179)**	23	**1,181**	1,376
Unobligated Balance from Prior Year Budget Authority, Net	**$6,177**	$6,276	**$3,342**	$2,940	**$1,378**	$401	**$10,897**	$9,617

Immaterial Correction of an Error

In connection with the preparation of the current year financial statements, GSA identified the following immaterial errors in the FY 2021 Combined Statement of Budgetary Resources, and the FY 2021 FBF and ASF Statements of Budgetary Resources:

13A.2 Understatement Amount

(Dollars in millions)

Line Item	FBF	ASF	Combined
Unobligated Balance from Prior Year Budget Authority, Net	$946	$264	$1,210
Spending Authority from Offsetting Collections	85	0	85
New Obligations and Upward Adjustments	0	264	264
Unapportioned, Unexpired	$1,031	$0	$1,031

The above line items have been corrected in the FY 2021 Combined Statement of Budgetary Resources, and the FY 2021 FBF and ASF Statements of Budgetary Resources. Corresponding corrections have also been made to related balances presented in this note as well as Note 2.

B. 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, 2022, and September 30, 2021, are as follows:

13B. Undelivered Orders

(Dollars in Millions)

Fiscal Year	2022					2021				
Category	Federal	Non-Federal	Paid	Unpaid	Total	Federal	Non-Federal	Paid	Unpaid	Total
FBF	**$60**	**$3,658**	**$27**	**$3,691**	**$3,718**	$73	$3,411	$51	$3,433	$3,484
ASF	**1,102**	**10,542**	**10**	**11,634**	**11,644**	1,043	9,515	34	10,524	10,558
Other Funds	**123**	**183**	**2**	**304**	**306**	111	200	3	308	311
Total Undelivered Orders	**$1,285**	**$14,383**	**$39**	**$15,629**	**$15,668**	$1,227	$13,126	$88	$14,265	$14,353

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 $406[5] million and $173[5] million as of September 30, 2022, and 2021, 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.

[5] These balances do not include any applicable Intra-GSA elimination adjustments.

Federal Employee Benefits as of September 30, 2022, and 2021 were as follows:

15A. Federal Employee Benefits Payable
(Dollars in Millions)

Fund	FBF		ASF		Other Funds		Less: Intra-GSA Eliminations		GSA Consolidated	
Fiscal Year	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
OTHER THAN INTRAGOVERNMENTAL										
Liabilities Not Covered by Budgetary Resources										
Workers' Compensation Actuarial Liability	**$63**	$71	**$25**	$28	**$16**	$18	**$—**	$—	**$104**	$117
Unfunded Leave	**60**	62	**46**	43	**37**	37	**—**	—	**143**	142
Other	**—**	—	**—**	—	**15**	14	**—**	—	**15**	14
Liabilities Covered by Budgetary Resources										
Other	**1**	1	**—**	2	**3**	2	**—**	—	**4**	5
Total Federal Employee Benefits Payable	**$124**	$134	**$71**	$73	**$71**	$71	**$—**	$—	**$266**	$278

B. Civil Service Retirement System

At the end of FY 2022, 1.9 percent (down from 2.5 percent in FY 2021) of GSA employees were covered by the CSRS, a defined benefit plan. Total GSA (employer) contributions (7.5 percent of base pay for law enforcement employees, and 7.0 percent for all others) to CSRS for all employees were as follows:

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

Fiscal Year	2022	2021
FBF	**$1**	$1
ASF	**—**	1
Other Funds	**1**	1
Total Employer Contributions	**$2**	$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, 2022, 97.9 percent (up from 97.4 percent in FY 2021) 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 $20,500 and $19,500 in their TSP account in calendar years 2022 and 2021, respectively. In addition, for FERS employees, GSA automatically contributes 1 percent of base pay and matches employee contributions up to an additional 4 percent of base pay. For calendar years 2022 and 2021, total contributions made on behalf of an employee could not exceed $61,000 and $58,000, respectively. For FY 2022, the GSA (employer) contributions to FERS (37.6 percent of base pay for law enforcement employees (up from 35.8 percent in FY 2021) and 18.4 percent for all others (up from 17.3 percent in FY 2021) were as follows:

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

Fiscal Year	2022	2021
FBF	**$104**	$96
ASF	**76**	66
Other Funds	**62**	57
Total Employer Contributions	**$242**	$219

Additional GSA contributions to the TSP were as follows:

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

Fiscal Year	2022	2021
FBF	**$27**	$26
ASF	**20**	18
Other Funds	**16**	15
Total Employer Contributions	**$63**	$59

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 $147,000 and $142,800 in calendar years 2022 and 2021, respectively) to SSA's Old-Age, Survivors, and Disability Insurance Program in both calendar years 2022 and 2021. 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 2022 and 2021. In FY 2022, 0.2 percent (up from 0.1 percent in FY 2021) 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)

Fiscal Year	2022	2021
FBF	**$44**	$42
ASF	**32**	30
Other Funds	**25**	24
Total Employer Contributions	**$101**	$96

E. Schedule of Imputed Benefit Costs

Amounts recorded in fiscal years 2022 and 2021, 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)

2022	Pension Benefits	Health/Life Insurance	Total
FBF	**$5**	**$39**	**$44**
ASF	**4**	**25**	**29**
Other Funds	**4**	**21**	**25**
Total Imputed Benefit Costs	**$13**	**$85**	**$98**
2021	**Pension Benefits**	**Health/Life Insurance**	**Total**
FBF	$4	$39	$43
ASF	4	23	27
Other Funds	4	20	24
Total Imputed Benefit Costs	$12	$82	$94

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-B.

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 2022 Budget and Accrual Reconciliation

(Dollars in Millions)

Fund	Federal Buildings Fund			Acquisition Services Fund			Other Funds			Less: Intra-GSA Eliminations			GSA Consolidated		
Category	**Intra-governmental**	**With the Public**	**Total**	**Intra-governmental**	**With the Public**	**Total**	**Intra-governmental**	**With the Public**	**Total**	**Intra-governmental**	**With the Public**	**Total**	**Intra-governmental**	**With the Public**	**Total**
Net Cost of Operations			**$(414)**			**$(333)**			**$304**			**$36**			**$(479)**
Components of Net Cost Not Part of the Budget Outlays															
Property, Plant, and Equipment Depreciation	—	(1,738)	(1,738)	—	(615)	(615)	—	(5)	(5)	—	—	—	—	(2,358)	(2,358)
Property, Plant and Equipment Disposal & Reevaluation	—	53	53	—	(131)	(131)	—	—	—	—	—	—	—	(78)	(78)
Increase/(Decrease) in Assets															
Accounts receivable, net	71	20	91	895	(2)	893	43	—	43	—	—	—	1,009	18	1,027
Loans receivable, net (Non-FCRA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other Assets	(24)	—	(24)	(10)	(18)	(28)	(1)	—	(1)	—	—	—	(35)	(18)	(53)
(Increase)/Decrease in Liabilities															
Accounts Payable	43	(68)	(25)	(46)	(715)	(761)	(56)	(5)	(61)	—	—	—	(59)	(788)	(847)
Environmental and Disposal Liabilities	—	(31)	(31)	—	—	—	—	20	20	—	—	—	—	(11)	(11)
Federal employee benefits payable	—	11	11	—	1	1	—	3	3	—	—	—	—	15	15
Federal debt and interest payable	—	35	35	—	—	—	—	—	—	—	—	—	—	35	35
Other Liabilities	1	(88)	(87)	13	14	27	(2)	12	10	—	—	—	12	(62)	(50)

16. FY 2022 Budget and Accrual Reconciliation (continued)

(Dollars in Millions)

Fund	Federal Buildings Fund			Acquisition Services Fund			Other Funds			Less: Intra-GSA Eliminations			GSA Consolidated		
Category	**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**	**2021 with the Public**	**Total**
Other Financing Sources															
Imputed Financing Provided by Others	(63)	—	(63)	(44)	—	(44)	(30)	—	(30)	(36)	—	(36)	(101)	—	(101)
Transfers out (in) Without Reimbursement	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Components of Budget Outlays Not Part of Net Cost															
Acquisition of Capital Assets	—	1,205	1,205	710	1	711	—	2	2	—	—	—	710	1,208	1,918
Acquisition of Inventory	—	—	—	—	—		—	—	—	—	—	—	—	—	—
Other	—	5	5	—	—		—	—	—	—	—	—	—	5	5
Net Outlays from Operating Activity			(982)			(280)			285			—			(977)
Distributed Offsetting Receipts									(225)						(225)
Total Net Outlays			$(982)			$(280)			$60			$—			$(1,202)

16. FY 2021 Budget and Accrual Reconciliation

(Dollars in Millions)

Fund	Federal Buildings Fund			Acquisition Services Fund			Other Funds			Less: Intra-GSA Eliminations			GSA Consolidated		
Category	**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**	**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)

Fund	Federal Buildings Fund			Acquisition Services Fund			Other Funds			Less: Intra-GSA Eliminations			GSA Consolidated		
Category	**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)

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: the Public Buildings Service (PBS), which manages the Federal Buildings Fund, and the Federal Acquisition Service (FAS), which manages the Acquisition Services Fund.

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

The GSA agencywide 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 2022 and FY 2021 net operating results by strategic goal for each responsibility segment.

17. FY 2022 Net Cost by Responsibility Segment Schedule

For the Fiscal Year Ended September 30, 2022

(Dollars in Millions)

Fund	FBF Owned	FBF Leased	ASF GS&S	ASF TTL	ASF ITC	ASF AAS	ASF PSHC	ASF TTS & Other	WCF	General Funds	GSA Combined	Intra GSA Elims	GSA Consolidated
Manage Building Operations													
Earned Revenues	**$5,334**	**$6,561**	**$—**	**$—**	**$—**	**$—**	**$—**	**$—**	**$—**	**$—**	**$11,895**	**$66**	**$11,829**
Less: Operating Expenses	**4,762**	**6,719**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**11,481**	**85**	**11,396**
Net Revenues from (Cost of) Operations	**572**	**(158)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**414**	**(19)**	**433**
Provide Acquisition Services													
Earned Revenues	**—**	**—**	**1,345**	**2,692**	**1,295**	**15,017**	**116**	**203**	**—**	**—**	**20,668**	**167**	**20,501**
Less: Operating Expenses	**—**	**—**	**1,348**	**2,449**	**1,211**	**14,918**	**110**	**299**	**—**	**—**	**20,335**	**183**	**20,152**
Net Revenues from (Cost of) Operations	**—**	**—**	**(3)**	**243**	**84**	**99**	**6**	**(96)**	**—**	**—**	**333**	**(16)**	**349**
Working Capital and General Programs													
Earned Revenues	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**725**	**38**	**763**	**703**	**60**
Less: Operating Expenses	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**746**	**321**	**1,067**	**704**	**363**
Net Revenues from (Cost of) Operations	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(21)**	**(283)**	**(304)**	**(1)**	**(303)**
GSA Consolidated Net Results													
Earned Revenues	**5,334**	**6,561**	**1,345**	**2,692**	**1,295**	**15,017**	**116**	**203**	**725**	**38**	**33,326**	**936**	**32,390**
Less: Operating Expenses	**4,762**	**6,719**	**1,348**	**2,449**	**1,211**	**14,918**	**110**	**299**	**746**	**321**	**32,883**	**972**	**31,911**
Net Revenues from (Cost of) GSA Operations	**$572**	**$(158)**	**$(3)**	**$243**	**$84**	**$99**	**$6**	**$(96)**	**$(21)**	**$(283)**	**$443**	**$(36)**	**$479**

17. FY 2021 Net Cost by Responsibility Segment Schedule

For the Fiscal Year Ended September 30, 2021

(Dollars in Millions)

Fund	FBF Owned	FBF Leased	ASF GS&S	ASF TTL	ASF ITC	ASF AAS	ASF PSHC	ASF TTS & Other	WCF	General Funds	GSA Combined	Intra GSA Elims	GSA Consolidated
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

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

To prepare the Financial Report of the U.S. Government, 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 statement of net cost and a reclassified statement of changes in net position. Treasury eliminates intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the Government 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 Government financial report line items. The 2021 Government financial report is available on the Treasury's Bureau of the Fiscal Service's website and a copy of the 2022 Government 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 term "non-Federal" is used in this note to refer to Federal Government amounts that result from transactions with non-Federal entities. These include transactions with individuals, businesses, non-profit entities, and State, local, and foreign governments.

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

(Dollars in Millions)

FY 2022 GSA Statement of Net Cost		Line Items Used to Prepare FY 2022 Government-wide Statement of Net Cost	
Financial Statement Line	**Amounts**	**Amounts**	**Reclassified Financial Statement Line**
GSA Consolidated Net Results			**GSA Consolidated Net Results**
Earned Revenues	$32,390	$1	Borrowing and Other Interest Revenue (Exchange) (RC 05) /2
		6	Borrowing Gains (RC 06) /2
		31,450	Buy/Sell Revenue (Exchange) (RC 24) /2
		2	Purchase of Assets Offset (RC 24) /2[6]
		31,459	Total Federal Earned Revenue
		933	Non-Federal Earned Revenue
		32,392	Total Earned Revenue
Less: Operating Expenses	$31,911	362	Benefit Program Costs (RC 26) /2
		314	Buy/Sell Costs (RC 24) /2
		101	Imputed Cost (RC 25) /2
		2	Purchase of Assets (RC 24) /2[6]
		101	Other Expenses (Without Reciprocals) (RC 29)
		880	Total Federal Gross Costs
		1	General Property Plant and Equipment (PP&E) Partial Impairment Loss
		31,032	Non-Federal Gross Costs
		31,033	Total Non-Federal Gross Costs
		31,913	Total Gross Costs
Net Revenues from Operations	**$479**	**$479**	**Net Costs of Operations**

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

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

(Dollars in Millions)

FY 2022 GSA Statement of Changes in Net Position		Line Items Used to Prepare FY 2022 Government-wide Balance Sheet	
Financial Statement Line	**Amounts**	**Amounts**	**Reclassified Financial Statement Line**
BEGINNING BALANCE OF NET POSITION			**BEGINNING BALANCE OF NET POSITION**
Unexpended Appropriations	$1,972	$1,972	Net Position, Beginning of Period
Cumulative Results of Operations	37,977	37,977	Net Position, Beginning of Period
Net Position Beginning Balance	**39,949**	**39,949**	**Net Position Beginning of Period**
CHANGES IN UNEXPENDED APPROPRIATIONS			**CHANGES IN UNEXPENDED APPROPRIATIONS**
Appropriations Received	7,061	7,061	Appropriations Received as Adjusted (Recissions and Other Adjustments) (RC 41) /1
Appropriations Used	(346)	(346)	Appropriations Used (RC 39)
Appropriations Adjustments and Transfers (To) From Other Agencies or Funds	(93)	(81)	Nonexpenditure Transfers-Out of Unexpended Appropriations and Financing Sources (RC 08) /1
		(12)	Appropriations Received as Adjusted (Recissions and Other Adjustments) (RC 41) /1
Net Change in Unexpended Appropriations	**$6,622**	**$6,622**	**Net Change in Unexpended Appropriations**
RESULTS OF OPERATIONS			**RESULTS OF OPERATIONS**
Net Revenues From Operations	479	479	Net Cost of Operations
Appropriations Used (Note 1-C)	346	346	Appropriations Expended (RC 38) /1
Non-Exchange Revenue (Notes 1-C, 1-D)	291	291	Other Taxes and Receipts
Imputed Financing Provided By Others	101	101	Imputed Financing Sources (RC 25) /1
Transfers of Financing Sources (To) From the U.S.Treasury	(26)	(27)	Non-Entity Collections Transferred to the General Fund of the U.S. Gov't (RC 44)
		1	Accrual for Non-Entity Amounts to be Collected and Transferred to the General Fund of the U.S. Gov't (RC 48)
Transfers of Net Assets and Liabilities (To) From Other Federal Agencies	55	57	Transfers-In Without Reimbursement (RC 18) /1
		(2)	Transfers-Out Without Reimbursement (RC 18) /1
Other	(10)	(3)	Other Non-Budgetary Financing Sources (RC 29) /1, 9
		(7)	Accrual of Collections Yet to be Transferred to a TAS Other Than the General Fund of the U.S. Government - Nonexchange (RC 16)
Net Change in Cumulative Results of Operations	**1,236**	**1,236**	**Net Change in Cumulative Results of Operations**
ENDING BALANCE OF NET POSITION			**ENDING BALANCE OF NET POSITION**
Unexpended Appropriations	8,594	8,594	Net Position, End of Period
Cumulative Results of Operations	39,213	39,213	Net Position, End of Period
Net Position Ending Balance	**$47,807**	**$47,807**	**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 5 years) arrangements (contracts) with private corporations, where: 1) There is a risk-reward relationship; 2) The arrangement results in a long-lived asset; and 3) PBS relies on the P3 partner's determination of the performance or return on investment.

Outleases[7]

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

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

Some of GSA's outlease arrangements are long-term (i.e., greater than 5 years), and entail 1) a risk/reward relationship; 2) a term that encumbers a significant portion of the economic life of the asset; and 3) rent that is based, in part, on a percentage of gross revenues reported by the tenant. The term of an outlease arrangement can vary — from a single day usage of space to multiple years in length. Currently, the longest remaining outlease term is 59 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 5 years. The amounts reported below do not include any variable payment portions due to GSA from the business entities sales in outyears, as those are not known.

[7] 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 savings. 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 1) the potential failure of an ESCO to provide ongoing satisfactory performance throughout the project lifecycle to ensure that the project is successful as designed; 2) the potential chance that equipment might be improperly operated and maintained, resulting in less than expected savings; and 3) the potential that 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 $1.37 billion shown as the amount to be paid in future periods, $638.3 million has been recognized as installment contract liability as of September 30, 2022; $195.7 million is for the future interest costs associated with the long-term financing of that liability; and $536 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)

	2021		2022		Future Periods	
Agreements/Contracts	Actual Amount Received in Fiscal Year	Actual Amount Paid in Fiscal Year	Actual Amount Received in Fiscal Year	Actual Amount Paid in Fiscal Year	Estimated Amount to be Received	Estimated Amount to be Paid
Outleases	$18	$—	$17	$—	$238	$—
ESPCs	$—	$96	$—	$102	$—	$1,370

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 FY21, 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. In FY22, the ASF, WCF, and FCSF received transfers of COVID-19 funds from the TMF. No new COVID-19-related appropriations were received in FY22. Appropriations provided to GSA, as well as expenditures as of September 30, 2022, and September 30, 2021, are displayed in the tables below.[8] Obligation amounts in the table below reflect the balances for COVID-19 Disaster Emergency Fund (DEF) Codes as reported in GTAS.

20A. COVID-19 Budgetary Resources

(Dollars in Millions)

2022	FBF	ASF	WCF	FCSF	TMF	Total
Unobligated Balance Beginning	**$144**	**$—**	**$1**	**$146**	**$1,000**	**$1,291**
Appropriations Received	**—**	**—**	**—**	**—**	**—**	**—**
Transfers In	**—**	**104**	**14**	**10**	**—**	**128**
Transfers Out	**—**	**—**	**—**	**—**	**(244)**	**(244)**
Less Current Year Obligations	**31**	**27**	**12**	**56**	**2**	**$128**
Unobligated Balance Ending	**$113**	**$77**	**$3**	**$100**	**$754**	**$1,047**

2021	FBF	ASF	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

[8] Note, the impacts to GSA's assets, liabilities, costs, revenues, net position, and other budgetary resources and expenditures, beyond those displayed above, are immaterial.

20B. COVID-19 Expenditures

(Dollars in Millions)

2022	FBF	ASF	WCF	FCSF	TMF	Total
Contractual Services and Supplies	**$15**	**$5**	**$7**	**$23**	**$—**	**$50**
Personnel Compensation and Benefits	**—**	**—**	**—**	**4**	**2**	**6**
Acquisition of Assets	**—**	**—**	**—**	**—**	**—**	**—**
Total COVID-19 Expenditures	**$15**	**$5**	**$7**	**$27**	**$2**	**$56**

2021	FBF	ASF	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

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.

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

Consolidating Balance Sheets

Schedule 1

As of September 30, 2022 and September 30, 2021
(Dollars in Millions)

Fund	FEDERAL BUILDINGS FUND		ACQUISITION SERVICES FUND		OTHER FUNDS		LESS INTRA-GSA ELIMINATIONS		GSA CONSOLIDATED	
Fiscal Year	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	2021	**2022**	**2021**
ASSETS										
Intragovernmental										
Fund Balance with Treasury (Notes 1-D, 2)	**$21,228**	$13,453	**$2,163**	$1,781	**$2,056**	$2,056	**$—**	$—	**$25,447**	$17,290
Accounts Receivable, Net (Note 4)	**380**	323	**5,808**	4,972	**100**	57	**(51)**	(39)	**6,237**	5,313
Advances and Prepayments	**27**	51	**—**	—	**2**	3	**—**	—	**29**	54
Other Assets (Note 5)	**152**	138	**—**	1	**—**	—	**—**	—	**152**	**139**
Total Intragovernmental	**21,787**	13,965	**7,971**	6,754	**2,158**	2,116	**(51)**	(39)	**31,865**	22,796
Other Than Intragovernmental										
Accounts Receivable, Net (Note 4)	**29**	9	**114**	116	**72**	13	**—**	—	**215**	138
General Property, Plant, and Equipment, Net (Notes 1-E, 6)	**22,849**	23,249	**4,010**	4,039	**6**	9	**—**	—	**26,865**	27,297
Advances and Prepayments	**—**	—	**—**	14	**—**	—	**—**	—	**—**	14
Other Assets (Note 5)	**37**	36	**17**	22	**—**	—	**—**	—	**54**	58
Total Other Than Intragovernmental	**22,915**	23,294	**4,141**	4,191	**78**	22	**—**	—	**27,134**	27,507
TOTAL ASSETS	**44,702**	37,259	**12,112**	10,945	**2,236**	2,138	**(51)**	(39)	**58,999**	50,303
Stewardship PP&E (Note 6-F)										

The accompanying notes are an integral part of these statements.

Consolidating Balance Sheets (continued)

Schedule 1

As of September 30, 2022 and September 30, 2021
(Dollars in Millions)

Fund	FEDERAL BUILDINGS FUND		ACQUISITION SERVICES FUND		OTHER FUNDS		LESS INTRA-GSA ELIMINATIONS		GSA CONSOLIDATED	
Fiscal Year	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
LIABILITIES										
Intragovernmental										
Accounts Payable	**1**	2	**7**	9	**39**	30	**(37)**	(28)	**10**	13
Advances From Others and Deferred Revenue	**—**	—	**—**	—	**48**	45	**—**	—	**48**	45
Other Liabilities (Note 9)	**1,076**	1,121	**34**	43	**27**	37	**(14)**	(11)	**1,123**	1,190
Total Intragovernmental	**1,077**	1,123	**41**	52	**114**	112	**(51)**	(39)	**1,181**	1,248
Other Than Intragovernmental										
Accounts Payable	**1,002**	934	**5,236**	4,524	**13**	8	**—**	—	**6,251**	5,466
Federal Debt and Interest Payable	**650**	661	**—**	—	**—**	—	**—**	—	**650**	661
Federal Employee Benefits Payable	**124**	134	**71**	73	**71**	71	**—**	—	**266**	278
Environmental and Disposal Liabilities (Notes 6, 10-A)	**1,923**	1,892	**—**	—	**—**	20	**—**	—	**1,923**	1,912
Advances From Others and Deferred Revenue	**9**	11	**—**	—	**—**	—	**—**	—	**9**	11
Other Liabilities (Note 9)	**807**	714	**11**	23	**94**	41	**—**	—	**912**	778
Total Other Than Intragovernmental	**4,515**	4,346	**5,318**	4,620	**178**	140	**—**	—	**10,011**	9,106
TOTAL LIABILITIES (Note 11)	**5,592**	5,469	**5,359**	4,672	**292**	252	**(51)**	(39)	**11,192**	10,354
Commitments and Contingencies (Notes 13-B, 10-A)										

The accompanying notes are an integral part of these statements.

Consolidating Balance Sheets (continued)

Schedule 1

As of September 30, 2022 and September 30, 2021

(Dollars in Millions)

Fund	FEDERAL BUILDINGS FUND		ACQUISITION SERVICES FUND		OTHER FUNDS		LESS INTRA-GSA ELIMINATIONS		GSA CONSOLIDATED	
Fiscal Year	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
NET POSITION										
Unexpended Appropriations - Funds From Other Than Dedicated Collections	**7,129**	405	**98**	—	**1,367**	1,567	**—**	—	**8,594**	1,972
Total Unexpended Appropriations (Consolidated)	**7,129**	405	**98**	—	**1,367**	1,567	**—**	—	**8,594**	1,972
Cumulative Results of Operations - Funds From Dedicated Collections (Note 14)	**—**	—	**—**	—	**406**	173	**2**	4	**408**	177
Cumulative Results of Operations - Funds From Other Than Dedicated Collections (Note 14)	**31,981**	31,385	**6,655**	6,273	**171**	146	**(2)**	(4)	**38,805**	37,800
CRO-Eliminations between Dedicated and Other	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—
Total Cumulative Results of Operations (Consolidated)	**31,981**	31,385	**6,655**	6,273	**577**	319	**—**	—	**39,213**	37,977
TOTAL NET POSITION	**39,110**	31,790	**6,753**	6,273	**1,944**	1,886	**—**	—	**47,807**	39,949
TOTAL LIABILITIES & NET POSITION	**$44,702**	$37,259	**$12,112**	$10,945	**$2,236**	$2,138	**$(51)**	$(39)	**$58,999**	$50,303

The accompanying notes are an integral part of these statements.

Consolidating Statements of Net Cost

Schedule 2

For the Fiscal Years Ended September 30, 2022 and September 30, 2021
(Dollars in Millions)

Fiscal Year	2022			2021		
Accounting Category	**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	**$5,334**	**$4,762**	**$572**	$5,377	$4,451	$926
Building Operations - Leased	**6,561**	**6,719**	**(158)**	6,531	6,679	(148)
Subtotal	**11,895**	**11,481**	**414**	11,908	11,130	778
PROVIDE ACQUISITION SERVICES (ACQUISITION SERVICES FUND)						
General Supplies and Services	**1,345**	**1,348**	**(3)**	1,359	1,360	(1)
Travel, Transportation, and Logistics	**2,692**	**2,449**	**243**	2,195	1,864	331
Information Technology	**1,295**	**1,211**	**84**	1,650	1,560	90
Assisted Acquisition Services	**15,017**	**14,918**	**99**	14,482	14,360	122
Professional Services and Human Capital	**116**	**110**	**6**	111	99	12
Other Programs	**203**	**299**	**(96)**	167	256	(89)
Subtotal	**20,668**	**20,335**	**333**	19,964	19,499	465
WORKING CAPITAL FUND AND GENERAL PROGRAMS						
Working Capital Fund	**725**	**746**	**(21)**	701	724	(23)
Other General Funds	**38**	**321**	**(283)**	43	384	(341)
Subtotal	**763**	**1,067**	**(304)**	744	1,108	(364)
INTRA-GSA ELIMINATIONS						
Less: Intra-GSA Eliminations	**936**	**972**	**(36)**	932	968	(36)
GSA Consolidated Totals	**$32,390**	**$31,911**	**$479**	$31,684	$30,769	$915

The accompanying notes are an integral part of these statements.

Consolidating Statements of Changes in Net Position

Schedule 3

For the Fiscal Years Ended September 30, 2022 and September 30, 2021

(Dollars in Millions)

Fund	Federal Buildings Fund		Acquisition Services Fund		Other Funds		Less: Intra-GSA Eliminations		GSA Consolidated	
Fiscal Year	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
BEGINNING 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 Beginning Balance	**31,790**	30,885	**6,273**	5,748	**1,886**	672	**—**	—	**39,949**	37,305
CHANGES IN UNEXPENDED APPROPRIATIONS										
Appropriations Received	**6,793**	—	**—**	—	**268**	1,449	**—**	—	**7,061**	1,449
Appropriations Used	**(69)**	(127)	**(1)**	—	**(276)**	(276)	**—**	—	**(346)**	(403)
Appropriations Adjustments and Transfers (To) From Other Agencies or Funds	**—**	(1)	**99**	—	**(192)**	(6)	**—**	—	**(93)**	(7)
Net Change in Unexpended Appropriations	**6,724**	(128)	**98**	—	**(200)**	1,167	**—**	—	**6,622**	1,039
RESULTS OF OPERATIONS										
Net Revenues From (Cost of) Operations	**414**	778	**333**	465	**(304)**	(364)	**(36)**	(36)	**479**	915
Appropriations Used (Note 1-C)	**69**	127	**1**	—	**276**	276	**—**	—	**346**	403
Non-Exchange Revenue (Notes 1-C, 1-D)	**—**	17	**—**	—	**291**	79	**—**	—	**291**	96
Imputed Financing Provided By Others	**63**	62	**44**	42	**30**	79	**36**	36	**101**	147
Transfers of Financing Sources (To) From the U.S. Treasury	**—**	—	**(1)**	(3)	**(25)**	(7)	**—**	—	**(26)**	(10)
Transfers of Net Assets and Liabilities (To) From Other Federal Agencies	**50**	49	**5**	21	**—**	—	**—**	—	**55**	70
Other	**—**	—	**—**	—	**(10)**	(16)	**—**	—	**(10)**	(16)
Net Change in Cumulative Results of Operations	**596**	1,033	**382**	525	**258**	47	**—**	—	**1,236**	1,605
ENDING BALANCE OF NET POSITION										
Unexpended Appropriations	**7,129**	405	**98**	—	**1,367**	1,567	**—**	—	**8,594**	1,972
Cumulative Results of Operations	**31,981**	31,385	**6,655**	6,273	**577**	319	**—**	—	**39,213**	37,977
Net Position Ending Balance	**$39,110**	$31,790	**$6,753**	$6,273	**$1,944**	$1,886	**$—**	$—	**$47,807**	$39,949

The accompanying notes are an integral part of these statements.

Combining Statements of Budgetary Resources

Schedule 4

For the Fiscal Years Ended September 30, 2022 and September 30, 2021

(Dollars in Millions)

Fund	FEDERAL BUILDINGS FUND		ACQUISITION SERVICES FUND		OTHER FUNDS		GSA COMBINED TOTALS	
Fiscal Year	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
BUDGETARY RESOURCES								
Unobligated Balance from Prior Year Budget Authority, Net (Note 13)	**$6,177**	$6,276	**$3,342**	$2,940	**$1,378**	$401	**$10,897**	$9,617
Appropriations	**6,793**	—	**—**	—	**295**	1,475	**7,088**	1,475
Spending Authority from Offsetting Collections	**11,380**	11,142	**23,591**	20,758	**800**	749	**35,771**	32,649
Total Budgetary Resources	**24,350**	17,418	**26,933**	23,698	**2,473**	2,625	**53,756**	43,741
STATUS OF BUDGETARY RESOURCES								
New Obligations and Upward Adjustments	**11,230**	11,356	**23,680**	21,601	**1,132**	1,068	**36,042**	34,025
Unobligated Balance, End of Period								
Apportioned, Unexpired Accounts	**8,355**	4,504	**821**	1,177	**942**	174	**10,118**	5,855
Unapportioned, Unexpired Accounts	**4,765**	1,558	**2,432**	920	**356**	1,338	**7,553**	3,816
Unexpired Unobligated Balance, End of Period	**13,120**	6,062	**3,253**	2,097	**1,298**	1,512	**17,671**	9,671
Expired Unobligated balance, End of Period	**—**	—	**—**	—	**43**	45	**43**	45
Unobligated Balance, End of Period, Total	**13,120**	6,062	**3,253**	2,097	**1,341**	1,557	**17,714**	9,716
Total Status of Budgetary Resources	**24,350**	17,418	**26,933**	23,698	**2,473**	2,625	**53,756**	43,741
OUTLAYS, NET								
Net Outlays (Receipts) from Operating Activity	**(982)**	(965)	**(280)**	(517)	**285**	286	**(977)**	(1,196)
Distributed Offsetting Receipts	**—**	—	**—**	—	**(225)**	(74)	**(225)**	(74)
Total Net Agency Outlays (Receipts)	**$(982)**	$(965)	**$(280)**	$(517)	**$60**	$212	**$(1,202)**	$(1,270)

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 Statements of Federal Financial Accounting Standards (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 section 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 property, plant and equipment (PP&E), fully depreciated general PP&E, or non-capitalized general PP&E leased buildings. GSA requires a building assessment for every federally-owned, leased, or delegated asset controlled by GSA 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 Federal Accounting Standards Advisory Board DM&R reporting requirements. At the end of fiscal years 2022 and 2021, based on the analysis of the BAT results, GSA estimated the total cost of DM&R to be approximately $3.13 billion for FY 2022 and $2.59 billion for FY 2021, 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 deferred 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 2022 BAT data, approximately 70.63 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, 2022, and 2021.

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	
	2022	2021	2022	2021	2022	2021	2022	2021
BUDGETARY RESOURCES								
Unobligated Balance from Prior Year Budget Authority, Net	**$310**	$168	**$201**	$143	**$867**	$90	**$1,378**	$401
Appropriations	**291**	450	**4**	—	**—**	1,025	**295**	1,475
Spending Authority from Offsetting Collections	**52**	42	**733**	700	**15**	7	**800**	749
Total Budgetary Resources	**653**	660	**938**	843	**882**	1,122	**2,473**	2,625
STATUS OF BUDGETARY RESOURCES								
New Obligations and Upward Adjustments	**378**	353	**752**	714	**2**	1	**1,132**	1,068
Unobligated Balance, End of Period								
Apportioned, Unexpired Accounts	**75**	75	**36**	15	**831**	84	**942**	174
Unapportioned, Unexpired Accounts	**157**	187	**150**	114	**49**	1,037	**356**	1,338
Unexpired Unobligated Balance, End of Period	232	262	**186**	129	**880**	1,121	**1,298**	1,512
Expired Unobligated Balance, End of Period	**43**	45	**—**	—	**—**	—	**43**	45
Unobligated Balance, End of Period, Total	**275**	307	**186**	129	**880**	1,121	**1,341**	1,557
Total Status of Budgetary Resources	**653**	660	**938**	843	**882**	1,122	**2,473**	2,625
OUTLAYS, NET								
Net Outlays (Receipts) from Operating Activity	**291**	299	**7**	(7)	**(13)**	(6)	**285**	286
Distributed Offsetting Receipts	**(225)**	(74)	**—**	—	**—**	—	**(225)**	(74)
Total Net Outlays (Receipts)	**$66**	$225	**$7**	$(7)	**$(13)**	$(6)	**$60**	$212

Accounting and Reporting on Government Land

In FY 2022, the U.S. General Services Administration (GSA) implemented a new accounting standard, SFFAS 59, *Accounting and Reporting on Government Land*, requiring the disclosure of estimated acres of land classified as General Property, Plant and Equipment (GPP&E), as well as acres held for disposal or exchange to a non-Federal entity.

40 U.S.C. § 581 and 40 U.S.C. § 3304 authorize the acquisition of property or an interest in property by GSA. Through the end of FY 2022, GSA had an estimated 9,000 acres in its custody and control. This acreage supports the agency's mission to design, deliver, and maintain safe, smart, and sustainable workspaces that enable agencies to best serve the American public.

The vast majority of GSA's land and land rights are considered operational, as defined by SFFAS 59 as predominantly used for general or administrative purposes. Current uses include: office space, public-facing facilities, courthouses, warehouses, laboratories, border stations, antennas, water towers, and storage facilities.

The following table shows land controlled by GSA's Public Buildings Service and subcategorized by predominant use:

	Commercial	Conservation and Preservation	Operational	Total Estimated Acreage
Start of FY 2022	18	—	8,759	8,777
End of FY 2022	18	—	8,660	8,678
Held for Disposal or Exchange - Start of FY 2022	—	—	112	112
Held for Disposal or Exchange - End of FY 2022	—	—	141	141

SFFAS 59 mandates the continued capitalization of land asset balances at their historical cost on the consolidated balance sheet for FY 2022 and GSA is in compliance with the new standard.

Other Information

(Unaudited)

Summary of Financial Statement Audit and Management Assurances

Table 1 Summary of Financial Statement Audit

Audit Opinion	Unmodified				
Restatement	No				
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Deficiencies in Internal Controls over Financial Reporting	0	1	0	0	1
Total Material Weaknesses	0	1	0	0	1

Table 2 Summary of Management Assurance

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

Statement of Assurance	Modified					
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Deficiencies in Controls over Financial Statement Balances	0	1	0	0	0	1
Total Material Weaknesses	0	1	0	0	0	1

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

U.S. General Services Administration
Office of Inspector General

October 13, 2022

TO: ROBIN CARNAHAN
ADMINISTRATOR (A)

FROM: CAROL F. OCHOA CAROL OCHOA Digitally signed by CAROL OCHOA Date: 2022.10.13 12:48:43 -04'00'
INSPECTOR GENERAL (J)

SUBJECT: Assessment of GSA's Management and Performance Challenges for Fiscal Year 2023

As required by the Reports Consolidation Act of 2000, Public Law 106-531, we have prepared for inclusion in the Fiscal Year 2022 Agency Financial Report the attached assessment summarizing what we consider to be the most significant management and performance challenges facing GSA in Fiscal Year 2023.

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 the Electrification of the Federal Fleet
8. Managing the Impact of COVID-19

Please review the attached assessment 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

OFFICE OF INSPECTOR GENERAL'S ASSESSMENT OF GSA'S MANAGEMENT AND PERFORMANCE CHALLENGES FOR FISCAL YEAR 2023

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; U.S. 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 (GAO's) publication GAO-14-704G, *Standards for Internal Control in the Federal Government*. However, we remain concerned about GSA's control environment.

Importance of Internal Control

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

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

To meet these objectives, management is responsible for designing, implementing, and monitoring control activities to ensure the organization's 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 Fiscal Year (FY) 2022.

Significant Deficiencies in Multiple Award Schedule Pricing. The Federal Acquisition Service's (FAS's) Multiple Award Schedules (MAS) Program is a major government-wide contracting vehicle. In FY 2021 alone, sales through the program exceeded $37 billion. During FY 2022, we reported on significant problems with FAS's use of transactional data and pricing tools that threaten the MAS Program's ability to meet its mission and comply with laws and regulations. We describe these reports below.

- In September 2022, we reported that FAS cannot provide assurance that MAS contract pricing complies with the Competition in Contracting Act of 1984 (CICA).[1] According to the 1984 act, the procedures established under the MAS Program are competitive as long as MAS orders and contracts result in the lowest overall cost alternative to meet the government's needs. However, after examining 20 recent MAS contract and option awards, we found that FAS price analyses cannot provide customer agencies with assurance that orders placed against MAS contracts will result in the lowest overall cost alternative.

  Our audit analyzed the pricing methodologies FAS used on MAS contracts that participate in the Transactional Data Reporting (TDR) pilot, as well as contracts that required Commercial Sales Practices (CSP) disclosures, and found that the price analyses under both methodologies were deficient. When performing price analyses on TDR pilot contracts, FAS contracting personnel do not have access to TDR data that can be used for pricing decisions and as a result, they mainly compared proposed pricing to other MAS and government contracts using automated pricing tools and flawed analysis techniques. However, this approach does not provide customer agencies with assurance that FAS achieved pricing that reflects offerors' best pricing and will result in the lowest overall cost alternative to meet the government's needs. In addition, 7 of the 11 FAS contracting personnel we interviewed expressed concerns to us about the TDR pilot's value to the MAS Program and concluded that, in their opinion, the TDR pilot should be canceled.

  Meanwhile, when performing price analyses for contracts subject to the CSP requirement, FAS contracting personnel frequently accepted commercial pricing information from offerors that was unsupported, outdated, or that identified no comparable commercial sales. As a result, FAS cannot provide customer agencies with assurance that MAS contract pricing will result in the lowest overall cost alternative to meet the government's needs.

- In July 2022, we issued an alert memorandum informing FAS that its plan to expand the TDR rule to the entire MAS Program despite ongoing data quality and access issues could place government agencies at risk of overpaying for products and services when ordering from FAS's MAS contracts.[2] The TDR pilot has been in effect within the MAS Program for over 5 years and has yet to accomplish its intended purpose. FAS's

[1] *FAS Cannot Provide Assurance that MAS Contract Pricing Results in Orders Achieving the Lowest Overall Cost Alternative* (Report Number A200975/Q/3/P22002, September 30, 2022).

[2] *Alert Memorandum: FAS is Planning to Expand the Transactional Data Reporting Rule Despite Ongoing Data Quality and Access Issues* (Memorandum Number A210081-2, July 18, 2022).

collection of TDR data is not being used to make decisions that affect pricing. This is due to a myriad of issues, including that the TDR data is inaccurate and unreliable and FAS contracting personnel do not have access to data that can be used for pricing decisions. Due to these continuing issues, FAS cannot ensure that TDR meets its primary objective to "fulfill the CSP and PRC [Price Reductions Clause] contract-level pricing negotiation function while lowering industry reporting burden."

Significant Deficiencies with Air and Water Quality in Re-Opened GSA Facilities. GSA must protect the health and safety of tenants and visitors by ensuring that its owned and leased space complies with the Centers for Disease Control and Prevention's (CDC's) guidelines for air and water quality. However, during FY 2022, we reported that air and water quality in GSA-owned and leased space did not meet CDC guidelines.

- In September 2022, we reported that GSA's Public Buildings Service (PBS) faces challenges in its efforts to meet the CDC's recommendations for improving building ventilation to slow the spread of the coronavirus disease of 2019 (COVID-19) in the workplace.[3] To improve ventilation, the CDC recommends increasing air filtration to the highest possible level without significantly reducing air flow. It also advises employers to check air handling unit air filters to ensure they are within their service lives and are appropriately installed.

  We found that PBS cannot install the recommended MERV 13 air filters in some GSA-owned facilities because the aging heating, ventilation, and air conditioning (HVAC) systems cannot handle MERV 13 air filters.[4] In addition, PBS is not consistently verifying that operations and maintenance (O&M) contractors change air filters or meet preventive maintenance requirements for air handling units in GSA-owned facilities. We also found that PBS is not consistently inspecting GSA-leased space to ensure that air filters meet lease requirements.

- In September 2022, we also issued an alert memorandum notifying GSA that PBS did not test water in accordance with CDC guidance prior to reopening GSA child care centers that were closed during the COVID-19 pandemic.[5] CDC guidance states that "a temporary shutdown or reduced operation of a building (for example, a school or a childcare facility) and reductions in normal water use can create hazards for returning occupants." Accordingly, the CDC guidance recommends that plumbing systems should

[3] *COVID-19: PBS Faces Challenges in Its Efforts to Improve Air Filtration in GSA-Controlled Facilities* (Report Number A201018/P/4/R22008, September 30, 2022).

[4] The CDC guidance incorporates the American Society of Heating, Refrigeration, and Air-Conditioning Engineers technical resources, which state that the Minimum Efficiency Reporting Value of 13 or higher rated air filter are efficient at capturing airborne viruses.

[5] *Alert Memorandum: PBS Did Not Test Water Prior to Reopening Child Care Centers Closed During the COVD-19 Pandemic* (Memorandum Number A201018-8, September 6, 2022).

be checked for these hazards "before reopening after a prolonged period of building inactivity."

We found that PBS did not test for harmful metals like lead and copper prior to reopening almost all of the child care centers, including child care centers that previously reported findings of elevated lead and copper levels. Although PBS has since tested some of the re-opened child care centers, it has not tested for *Legionella* bacteria, which can proliferate in stagnant water in plumbing systems due to reduced operation.

Significant Deficiencies in Internal Control Identified by GSA's Independent Auditors. GSA's internal controls over its financial statements are also problematic. In November 2021, GSA's independent auditors identified significant deficiencies in certain information technology (IT) controls for financial systems and undelivered orders.[6]

- <u>IT Control Deficiencies</u>: The independent auditor reported deficiencies in controls over system access and segregation of duties for several of GSA's financial systems. Access controls are critical for IT systems because they ensure that the right people are authorized to use the system. Once access is granted, it is important to divide or segregate duties among different people to reduce the risk of error, misuse, or fraud. The auditors also found deficiencies in change and configuration management controls for one GSA financial system. Configuration controls are critical for ensuring that changes to IT systems are authorized and that systems operate securely.

  Taken together, the auditors reported that these deficiencies increase the risk of unauthorized access, disclosure, and modification to—or destruction of—financial systems and data.

- <u>Undelivered Orders</u>: The independent auditors also reported that, as of September 30, 2021, GSA's management review over its undelivered orders balance was not effective. The auditors found that GSA management's review control did not detect invalid undelivered orders of approximately $264 million that were recorded as an adjustment to the undelivered orders balance in FY 2020. The error was corrected in the final FY 2021 financial statements; however, the control deficiency increases the risk that material misstatements in GSA's financial statements will not be detected and corrected in a timely manner.

In sum, internal control serves as the first line of defense in safeguarding assets and helping managers achieve organizational goals through the effective stewardship of public resources. The examples above demonstrate that GSA management should continue its efforts to implement a more effective system of internal control.

[6] KPMG's *Report on the Financial Statements*, Independent Auditors' Report (November 12, 2021).

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. Since our *Assessment of GSA's Management and Performance Challenges for Fiscal Year 2021*, we have reported on challenges facing GSA's contract administration. As described below, we continued to identify deficiencies in GSA's contract administration in audit reports issued during FY 2022.

- In December 2021, we issued an audit report on PBS Greater Southwest Region's (PBS Region 7's) O&M contracts.[7] We performed this audit after receiving a hotline complaint claiming that inconsistent contract administration practices for O&M contracts in PBS Region 7 caused significant monetary losses to small businesses due to broad contract interpretations and varying practices by building location.

  We determined that PBS Region 7 failed to properly administer the O&M contracts by inconsistently applying the shared liability clause, paying for unallowable costs, failing to enforce staffing requirements, and not always verifying that the contractor performed required services. As a result, PBS overpaid the contractor for services and held the contractor responsible for expenses that PBS was responsible for paying.

- In a January 2022 memorandum, we identified weaknesses in FAS's controls to monitor and prohibit the sale of products that do not comply with the Trade Agreements Act (TAA).[8] To support the government's COVID-19 response, GSA issued a regulatory exception to the TAA statutory clauses for certain supplies that were not available in sufficient quantities. FAS subsequently issued guidance requiring its contracting officers to report TAA noncompliant products so that FAS could remove the noncompliant products once the exception expired.

  During our ongoing monitoring of GSA's response to COVID-19, we found that FAS contracting officers did not identify TAA noncompliant products that were added to contracts in support of the government's COVID-19 response, rendering FAS's control to monitor and roll back the use of the regulatory exception ineffective. We also found that FAS contracting officers modified contracts to add TAA noncompliant products that were not in support of the government's COVID-19 response. This included three

[7] *Audit of a Hotline Complaint: PBS Greater Southwest Region's Operations and Maintenance Contracts* (Report Number A190054/P/4/R22001, December 16, 2021).

[8] *FAS Lacks Sufficient Controls to Monitor and Prohibit the Sale of Trade Agreements Act Non-Compliant Products in Support of the Government's COVID-19 Response* (January 21, 2022).

products with North Korea listed as a country of origin. Not only is North Korea a TAA noncompliant country, but the Federal Acquisition Regulation specifically prohibits most imports from North Korea into the United States.

GSA has taken action to improve contract administration by strengthening its policies, addressing performance and training needs of contracting staff, and implementing contract administration process improvements. However, the examples described above demonstrate that GSA must remain focused on improving its contract administration.

Challenge 3: Enhancing Government Procurement

Over the past 5 years, GSA has continued to set the strategic goal of establishing itself as the premier provider of efficient and effective acquisition solutions across the Federal Government. FAS has significant responsibility in meeting this goal and is undertaking the following acquisition solution initiatives:

- Transforming the MAS Program;
- Supply chain risk management;
- Implementing procurement through commercial e-commerce portals; and
- Leading the transition to the Enterprise Infrastructure Solutions contract.

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

Transforming the MAS Program

Since 2016, FAS has implemented several initiatives and tools to transform its MAS Program. These transformation projects are aimed at consolidating schedules, using TDR for pricing, and using automated pricing tools. With the simultaneous deployment of these transformation projects, FAS is challenged to ensure they are effectively implemented, managed, and evaluated to meet its core objective of leveraging the government's buying power.

Consolidating Schedules. With an intended goal of reducing redundancy and 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 MAS offers, followed by an ongoing conversion of existing MAS contracts that is estimated to take at least 5 years. The goals of the consolidation are to: (1) reduce the administrative and contractual burden of maintaining duplicate contracts and (2) allow MAS contractors to provide "total solutions" under a single schedule contract.

As the consolidation continues through its final phase, FAS estimates that only 10 percent of contractors with multiple MAS contracts have consolidated to one single contract. According to FAS, it has no mechanism to compel contractors to submit and complete consolidation plans. Therefore, FAS is challenged to motivate contractors with multiple MAS contracts to complete the consolidation.

Additionally, FAS is challenged to ensure each surviving consolidated contract is: (1) assigned to an acquisition center with the expertise to administer the contract properly and (2) evaluated and negotiated in accordance with Federal regulations and GSA internal policies.

Using TDR to Support Pricing Decisions for MAS Contracts. In recent years, FAS has taken steps to change how it determines fair and reasonable pricing for its MAS contracts. Historically, FAS negotiated pricing for MAS contracts to achieve the contractors' "most favored customer" pricing and discounts under similar conditions based on the contractors' commercial sales. However, FAS has steadily moved away from using commercially comparable pricing and instead has taken steps to base its MAS pricing on other government contracts for similar items.

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 a CSP or establish a basis of award customer for the Price Reductions Clause. Instead, FAS will evaluate prices by prioritizing the use of information that is readily available, including prices-paid information (such as TDR data), contract-level pricing information from other schedules and government-wide contract vehicles for the same or similar items (found using GSA *Advantage!* and FAS pricing tools), and commercial data sources.

In June 2021, we reported that the TDR pilot had yet to accomplish its intended purpose of improving taxpayer value.[9] We found that the TDR data FAS collects is inaccurate and unreliable, introducing additional risks associated with the potential use of this data. In addition, at the time of our fieldwork for that report, we found that most contracting personnel did not even have access to the TDR data. The GSA Senior Procurement Executive's evaluation of the TDR pilot's FY 2020 performance acknowledged the shortcomings of the data, stating, "FAS is waiting for a level of data maturity to provide official policy related to the use of the data." Nevertheless, GSA has extended the TDR pilot through at least FY 2022 and is planning to expand the TDR rule to all MAS contracts by November 1, 2022.

After learning of the planned expansion of the TDR rule, we issued an alert memorandum to the FAS Commissioner in July 2022 to inform him that the planned expansion will put agencies at risk of overpaying for products and services because FAS has not addressed the ongoing TDR

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

data quality and access issues.[10] In our memorandum we noted that over 64 percent of the TDR data collected for products in FY 2022 was inaccurate. As a result, this data is unusable for price comparison purposes. We also noted that the TDR data for services, which account for over 75 percent of MAS sales, is almost completely unusable and was never included in any of GSA's evaluations of the TDR pilot. As a result of these deficiencies, contracting personnel still do not have access to TDR data that can be used for pricing decision purposes.

Since the TDR data is not accurate or reliable for procurement decisions, GSA will be challenged to ensure that decisions made using this data, whether at the contractual level or at an aggregate level, are not negatively affected by the data's shortcomings. These shortcomings, if not addressed, may lead to flawed price evaluations that result in government agencies overpaying for products and services.

Further, if GSA follows through with its decision to expand the TDR rule to all MAS contracts in FY 2023 as planned, contracting personnel will continue to face significant challenges in achieving fair and reasonable contract pricing that results in the lowest overall cost alternative for the government as required by the Competition in Contracting Act of 1984.

Using Automated Pricing Tools for MAS Contracts. In recent years, FAS contracting personnel have grown increasingly reliant on FAS's automated pricing tools to evaluate pricing. Our recent audits of FAS's use of these tools have shown problems with this approach.[11]

FAS's automated pricing tools only provide pricing data from government contracts, typically other MAS contracts. Price determinations based on government-only comparison conflict with FAS's objective of negotiating and awarding pricing that results in "most favored customer" status. Comparing proposed pricing to the best prices or discounts a contractor offers its commercial customers and seeking "most favored customer" pricing in negotiations is the basis for how MAS contracts comply with the Competition in Contracting Act of 1984, which requires orders and contracts under the MAS Program to result in the lowest overall cost alternative for the government.

Moreover, when pricing tools are used, FAS has not been able to ensure that:

- Contracting personnel are using the tools and documenting the resulting price analyses in accordance with applicable regulations and policies and the intent of the MAS Program;
- The data within the tools is accurate and reliable; and

[10] *Alert Memorandum: FAS is Planning to Expand the Transactional Data Reporting Rule Despite Ongoing Data Quality and Access Issues* (Memorandum Number A210081-2, July 18, 2022).

[11] *FAS's Use of Pricing Tools Results in Insufficient Price Determinations* (Report Number A180068/Q/3/P20002, December 23, 2019) and *FAS's Use of the 4P Tool on Contract and Option Awards Often Results in Noncompliant Price Determinations* (Report Number A201045/Q/3/P22001, July 27, 2022).

- Contracting personnel are documenting their price analyses in accordance with Federal regulations and FAS policy.

Collectively, these findings demonstrate that GSA faces challenges in its use of automated pricing tools. GSA must ensure that contracting personnel use these tools to leverage the collective buying power of the Federal Government and attain pricing that results in the lowest overall cost alternative to meet the government's needs.

Supply Chain Risk Management

Supply chain risk management remains a major challenge for FAS and across the Federal government. To address these risks, Section 889 of the National Defense Authorization Act for FY 2019 prohibits Federal agency purchases from restricted sources. Specifically:

- Section 889, Part A prohibits the government from purchasing or obtaining (or extending or renewing a contract to purchase or obtain) any equipment, systems, or services that use telecommunications equipment or services produced by five specific telecommunications companies and any subsidiaries or affiliates of these companies.[12]

- Section 889, Part B prohibits the government from contracting with any entity that uses equipment, systems, or services produced by the same five telecommunications companies and any subsidiaries or affiliates of these companies.

In implementing these requirements, FAS has taken several steps. FAS has made efforts to educate contractors and its workforce about the supply chain threat posed by the prohibited telecommunication companies. In addition, FAS requires contractors to certify for each contract, if they provide prohibited items to the government. FAS also developed the Prohibited Products Robomod to identify prohibited items on GSA *Advantage!*. Once a product is identified, FAS personnel review the identified items and process modifications to remove prohibited items from MAS contracts.

Despite these efforts, GSA is still challenged with identifying prohibited items and contractors that should be removed from its many contracting vehicles and platforms. Due to the volume of IT items available through GSA contracts, GSA relies on contractors' self-certifications as to whether they provide prohibited items to the government. However, this is insufficient as prohibited products continue to be found on FAS contracts and platforms.

[12] Parts A and B of the National Defense Authorization Act for FY 2019, Section 889, require the equipment or service to be a substantial or essential component of any system, or a critical technology component of any system.

GSA must manage the risk that prohibited items could be offered under any of its thousands of MAS contracts. The possibility that customer agencies could purchase and use the prohibited items poses a national security risk to the government.

Several examples highlight this challenge. In July 2021, an online news source reported that a GSA customer purchased prohibited "white labeled" video surveillance equipment through GSA.[13] The "white labeled" goods in this case, were manufactured by a prohibited entity but carried the label of a different brand. According to the report, two prohibited manufacturers, Dahua Technology and Hangzhou Hikvision Digital Technology, had security cameras rebranded and sold under different brand names. In December 2021, another online news source reported that GSA customers purchased video surveillance equipment manufactured by Lorex Technology, Inc., a wholly owned subsidiary of Dahua Technology.[14]

As demonstrated above, GSA must prioritize, develop, and implement effective supply chain risk management policies, procedures, and practices to prevent and address these threats to the government supply chain.

Implementing Procurement through Commercial E-Commerce Portals

The National Defense Authorization Act for FY 2018, Section 846, *Procurement through commercial e-commerce portals,* required 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. In August 2020, FAS launched a 3-year preliminary test, which FAS calls a proof of concept, with three e-marketplace portal providers.[15] Customer agencies' adoption of the e-marketplace portals was faster than expected in the first year, with 45,000 individual users across 24 agencies testing the concept. In FY 2021, sales totaled about $11.7 million. As of April 2022, FAS reported $12.5 million in sales across these three portals.

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

- *Developing a comprehensive measurement plan*. In September 2021, GAO recommended that FAS develop a comprehensive plan with performance goals and time frames for measuring program implementation.[16] GAO reported that establishing a

[13] https://theintercept.com/2021/07/20/video-surveillance-cameras-us-military-china-sanctions/.

[14] https://techcrunch.com/2021/12/01/federal-lorex-surveillance-ban/#:~:text=After%20the%20ban%20came%20.

[15] The three portal providers are Amazon Business, Fisher Scientific, and Overstock.com.

[16] *GSA Online Marketplaces: Plans to Measure Progress and Monitor Data Protection Efforts Need Further Development* (GAO-21-104572, September 28, 2021).

comprehensive plan with metrics will position FAS to effectively measure whether the proof of concept has met its objectives of modernizing and streamlining purchasing and establish any changes before program expansion.

Although FAS established benchmarks and developed performance metrics in response to GAO's report, further improvements may be necessary. For example, many metrics rely on customer experience surveys as the data source; however, FAS personnel told us that the survey response rate is only 8 percent, leaving FAS with limited data to use in assessing performance. In addition, some metrics do not yet have specific targets to determine success. Lastly, FAS's performance metrics that relate to green procurement, COVID-19, and small business usage rely on contractor self-certifications, which may not accurately represent the government's spending in these areas.

- *Protecting the supply chain.* As noted above, supply chain risk management is a focus in Federal acquisitions. A January 24, 2020, U.S. Department of Homeland Security report has heightened attention to counterfeiting and supply chain risk in e-commerce acquisitions.[17] In response to the GAO audit of GSA's online marketplaces cited above, FAS updated its data protections surveillance plan to cover unauthorized disclosures, data safeguarding, and third-party supplier data protections to fulfill the National Defense Authorization Act for FY 2018, Section 846 requirements. With continued sales growth, supply chain risk management should remain a critical focus for FAS.

- *Addressing additional congressional mandates.* The National Defense Authorization Act for FY 2022, Section 853, *Additional testing of commercial e-commerce portal models*, requires FAS to test additional e-commerce business models. Based on this, FAS is required to submit a report addressing, among other things, price and quality of commercial products, supply chain risk, and overall adherence to Federal procurement rules and policies.

- *Effect on existing acquisition programs.* As the e-commerce program grows and is considered for permanent adoption, FAS must monitor and assess the effects the program has on existing acquisition programs. While FAS's goal for this program is to capture micro-purchase open market spending, it is possible that the e-commerce portals could have unintended negative consequences for other acquisition programs.[18] FAS will need to assess how the e-commerce program will affect its other contracting programs.

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

[18] A micro-purchase is an acquisition of supplies or services using simplified acquisition procedures below an established dollar threshold. Open market spending is the purchase of items outside of a government contract vehicle, such as the GSA schedules, blanket purchase agreements, etc.

As the testing phase enters its last year, FAS officials must consider and mitigate these challenges while contemplating how to make this program permanent. FAS must also consider how e-commerce complements its other purchasing programs and how to structure the program to adopt evolving e-commerce offerings.

Leading the Transition to the Enterprise Infrastructure Solutions Contract

FAS is leading the government-wide transition from the expiring Networx telecommunications and IT infrastructure contracts to the new Enterprise Infrastructure Solutions (EIS) contracts. The EIS contracts are for 15 years and have a ceiling of $50 billion. This program provides customer agencies with common telecommunication services and IT infrastructure such as voice, cloud services, call and data centers, satellites, and wireless services.

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 contracts 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. In December 2018, FAS extended the legacy contracts and the transition deadline to May 2023 to allow more time for transition execution. Nonetheless, interim transition deadlines continued to pass without much progress. FAS established a deadline for 90 percent of services to be transitioned from Networx to EIS by March 31, 2022. However, as of March 31, 2022, FAS data showed that approximately 91 percent of customer agencies did not meet this deadline. In February 2022, FAS invoked the Continuity of Service clause in the Networx contracts until May 31, 2024, to allow an additional year for transition.

In 2021, FAS began conducting risk assessments for transition to help agencies develop a realistic estimate of their transition timing. Through this process, FAS identified agencies that may need to use the Networx contracts' Continuity of Service extension period. To do so, agencies must sign a memorandum of understanding with GSA by September 2022. Through these memorandums of understanding, FAS intends to: (1) clearly identify the ownership of the transition across functional lines within an agency and (2) stress awareness on the criticality of the transition.

According to FAS leadership, the Continuity of Service extension period is the final option to provide agencies with additional time to complete their transitions. However, some agencies may fail to transition to EIS before the contract expires, potentially leading to service interruptions. The government's prolonged use of the Networx contracts erodes potential cost savings from EIS and increases FAS's expense of administering both contract vehicles, replicating the results of the previous prolonged transition to Networx.

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 needs to determine the best approach to reduce and consolidate space, reduce leasing costs, and meet O&M needs of increasingly aging buildings, such as deferred maintenance. Further, PBS must properly administer the capital construction program and ensure effective management of energy and utility contracts.

Reducing and Consolidating Space

PBS must work with its customers to maximize the performance of its real property by identifying opportunities to reduce and consolidate space. To that end, PBS continues to request funding for consolidation opportunities, with a preference given to projects that result in an office utilization rate of 130 usable square feet per person or less and a total project payback period of 10 years or less. For FY 2023, GSA requested $30 million in support of these efforts. Additionally, PBS aims to adjust its portfolio of over 8,300 owned and leased buildings through its Workplace 2030 initiative that will help GSA develop a partnership with customer agencies to optimize future space requirements.

As it works to reduce and consolidate space, PBS faces a challenging environment driven largely by uncertainty about customer agency space needs in the wake of the COVID-19 pandemic. For example, the PBS Regional Commissioner for the Mid-Atlantic Region told us that PBS expects agencies to consider reducing their space in the next 12 to 18 months as they continue to adapt to a hybrid work environment. While some agencies are already aggressively reducing their space, she said she expects more agencies will do so, especially as their leases start to expire.

In its *FY 2023 Congressional Justification*, GSA requested $2.2 billion in funding from the Federal Buildings Fund for capital program investment, which the Agency claims will help address this concern. The request includes $378 million above the revenues PBS projects to collect in FY 2023. According to PBS, this will allow for investment in GSA-owned properties and reduce reliance on leased facilities. PBS also asserts that making such investments will allow it to release over 100,000 rentable square feet of leased space and save millions of dollars in annual future lease payments.

Reducing Leasing Costs

Between FYs 2023 and 2027, approximately 45 percent, or 82.9 million rentable square feet, of leased space will be expiring across the country. As these leases expire, PBS remains focused on implementing its Lease Cost Avoidance plan to reduce leasing costs and optimize its real estate portfolio. However, PBS officials reported that the changing real estate market conditions caused by the global pandemic will require a re-examination of its long-term and short-term lease strategies.

For example, the former acting PBS Regional Commissioner for the National Capital Region told us that uncertainty about the move to a hybrid work environment has left customer agencies reluctant to make real estate decisions that could result in reductions to leased space. The PBS Regional Commissioner for the Mid-Atlantic Region told us that she is building contingencies into any leases they are currently awarding because she expects agencies will want to reduce their space. She added that she is: (1) lining up other Federal agencies that could take the space that current Federal agency lessees might want to give back or (2) including clauses that would allow Federal agencies to give leased space back if the agency determines it is not needed.

According to GSA, the primary driver of savings in the PBS real property portfolio is reducing the amount of space that the government occupies in leased facilities. In pursuing this, GSA is continuing to implement its initiatives to track and decrease its reliance on leased space. However, GSA faces considerable uncertainties in determining customer space needs in the aftermath of the COVID-19 pandemic. As a result, GSA will be faced with the challenge of reducing leasing costs while adjusting to the new post-pandemic environment.

Meeting the Maintenance and Repair Needs of Federal Buildings

PBS continues to face challenges in managing the maintenance and repair needs of its aging portfolio of owned buildings. Since FY 2016, GSA has reported a steadily increasing deferred maintenance backlog in its *Agency Financial Reports*. 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.

In its 2021 *Agency Financial Report*, GSA reported approximately $2.59 billion in total estimated costs of deferred maintenance and repairs (deferred maintenance) for its building inventory. This was a 2.4 percent increase from FY 2020 and a 114 percent increase from FY 2016. PBS funds its repair needs and all of its real property activities through the Federal Buildings Fund. However, since FY 2016, GSA has received approximately 59 percent of its requests for funding of minor and major repairs and alterations, on average.

Our office has recently reported on weaknesses in both PBS's management of deferred maintenance and decisions for its repair and alteration needs.

In a September 2021 audit of PBS'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 errors.[19] The estimates generated by PBS's Building Assessment Tool, which

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

are used to report GSA's estimated deferred maintenance, are inaccurate and include duplicative estimate costs. In addition, we found that while PBS has a national maintenance strategy associated with its Capital Investment and Leasing Program, this strategy has not been effective in reducing its deferred maintenance backlog.

As a result, PBS is vulnerable to rising maintenance and repair costs, 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 remove them from the backlog.

In a May 2022 audit report, we found that PBS's Office of Portfolio Management and Customer Engagement's (Portfolio Management's) review and approval process had no discernible effect on which projects were actually performed in FY 2019 and FY 2020.[20] Rather, Portfolio Management approved projects based almost exclusively on project rankings submitted by the PBS regions. In addition, when PBS regions could not perform an approved project, they were able to redirect funding to other projects without Portfolio Management's approval.

PBS's increasing deferred maintenance backlog, combined with recurring audit findings on weaknesses in PBS's oversight and management of O&M contracts and its project review and approval process, 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.[21] As of July 2022, PBS reported $5.6 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 2022*,

[20] *Audit of PBS's Approval Process for Minor Repair and Alteration Projects* (Report Number A190100/P/5/R22005, May 9, 2022).

[21] Capital construction projects are projects that exceed the prospectus threshold, currently $3.375 million, and require congressional approval.

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.

In our 2020 audit of PBS's use of construction management services, we found that PBS has become excessively reliant on construction managers.[22] PBS has frequently allowed construction managers to perform inherently governmental functions, 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.

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 eligible for retirement 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.

Since our audits of PBS's projects funded under the American Reinvestment and Recovery Act of 2009, we have reported on deficiencies in PBS's use of CMc contracts. PBS took numerous actions to address these deficiencies, particularly focusing on improvements to policy and regulations. However, in an August 2022 memorandum, we identified continued concerns with PBS's use of CMc contracts.[23] We noted that PBS is:

---

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

[23] *Improvements Needed in PBS's Use of Construction Manager as Constructor Contracts* (Memorandum Number A220057, August 17, 2022).

- Not ensuring that construction contractors properly accumulate and record project costs, preventing PBS from relying on the contractor's cost records for contractor payments and shared savings calculations;
- Improperly adjusting the contract's guaranteed maximum price, leaving PBS at risk of overpaying for construction services; and
- Prematurely converting the guaranteed maximum price to a firm-fixed price, increasing the risk that CMc contractors may be able to attain excessive profits.

PBS must address these challenges to prevent significant increases to project costs and avoid overpayments on current and future CMc contracts.

Infrastructure Investment and Jobs Act. The Infrastructure Investment and Jobs Act (IIJA) provided GSA with $3.418 billion for the acquisition, construction, and repair and alteration of Land Ports of Entry. In August 2022, we issued a memorandum identifying challenges facing PBS as it executes construction projects funded under the IIJA.[24] These challenges include:

- Ensuring the effective stewardship of taxpayer funds;
- Addressing the need for qualified project managers and contracting officers;
- Providing effective oversight of construction managers;
- Managing potential delays and cost overruns;
- Preparing and maintaining complete and accurate documentation;
- Awarding effective construction contracts; and
- Safeguarding access to Land Ports of Entry.

PBS has established a Program Management Office to oversee its use of IIJA funds. According to PBS, this office will "identify, coordinate, and proactively mitigate risks to the program to ensure IIJA funding is spent efficiently and effectively." While this is a positive step, PBS must continue to take steps to address the challenges identified in our memorandum, as well as those identified through the Program Management Office, to ensure the successful delivery of IIJA funded projects.

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

Between December 2010 and June 2022, PBS awarded over $2.305 billion in Energy Savings Performance Contracts (ESPCs) and Utility Energy Service Contracts (UESCs). 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.

[24] *GSA's Public Buildings Service Faces Challenges in Using Funds Received under the Infrastructure Investment and Jobs Act* (Memorandum Number A220036-2, August 11, 2022).

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.

Due to their complexity and unique nature, ESPCs and UESCs present PBS with numerous management challenges. For example, in May 2021 we reported that PBS was not enforcing requirements of the ESPC task order at the U.S. Food and Drug Administration's (FDA's) White Oak campus.[25] 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. Similarly, UESCs present a host of challenges for PBS, including limited competition, high numbers of sole-source contracts, and a lack of mandated savings guarantees.

In recent years, PBS has taken steps to address the challenges associated with ESPC and UESC contracts. PBS has established a centralized oversight ESPC program within the Office of Facilities Management and is also in the process of strengthening guidance and controls for UESCs. PBS should continue efforts like these to ensure that the ESPCs and UESCs are effectively managed.

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 will continue to be 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 FY 2021 and for FY 2022, we reported on threats to sensitive information maintained by GSA.[26] As these threats

[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).

[26] *Assessment of GSA's Management and Performance Challenges for Fiscal Year 2021* and *Assessment of GSA's Management and Performance Challenges for Fiscal Year 2022.*

remain, GSA must ensure that it controls 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 includes:

- 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 and 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.[27] An insider threat involves employees using their authorized access, intentionally or unintentionally, to cause harm to an organization. We found that GSA's Insider Threat Program 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 personal identity verification cards within required time frames. As a result, GSA information is vulnerable to theft or loss. Further, deficiencies in GSA's Insider Threat Program create gaps that can be exploited in other ways to undermine GSA's ability to effectively carry out its operations.

Because GSA systems house sensitive data, 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. Additionally, GSA should implement appropriate management, operational, and technical security controls to manage and mitigate threats to GSA's systems and data.

Prioritizing Cyber Supply Chain Risk Management

GSA continues to face cyber supply chain risks. To address these risks and comply with Federal supply chain risk management requirements, 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.[28]

Recent events demonstrate the significant risks posed by potential cyber vulnerabilities in IT software. In December 2021, a critical vulnerability in the widely used Apache Log4j software

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

[28] National Defense Authorization Act for FY 2019, Section 889, 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.

library could have allowed adversaries to take control of remote systems by submitting a specially crafted request causing the system to execute arbitrary code.[29] Incidents like these identify a pressing need for GSA to incorporate cyber supply chain risk management practices into its 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 continue to increase in number and sophistication, resulting in significant operational disruptions, reputational damage, and financial costs to affected organizations. GSA is 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.

Migrating to a Zero Trust Architecture

On January 26, 2022, OMB released Memorandum M-22-09, *Moving the U.S. Government Toward Zero Trust Cybersecurity Principles*. This memorandum requires agencies to achieve specific zero trust security goals by the end of FY 2024 and details the specific cybersecurity standards and objectives needed to achieve a Federal zero trust architecture (ZTA) strategy. ZTA is an information system security strategy that continually verifies each user, device, application, and transaction. No actor, system, network, or service operating outside or inside the security perimeter is trusted.

GSA currently has several ongoing initiatives dedicated to transitioning from perimeter-based security to ZTA. However, this transition represents a fundamental redesign of GSA's enterprise security workflow. GSA is challenged to ensure that it sufficiently monitors this process and Agency resources to ensure a smooth and secure transition to ZTA.

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 8,300 federally owned and leased facilities nationwide. Part of GSA's responsibility is implementing its PBS Safety and Health Management 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, Part 1960, Subpart E, *General Services Administration and Other Federal Agencies*. Additionally, in accordance with a September 2018 memorandum of agreement with the U.S. Department of Homeland Security, GSA is responsible for the installation,

[29] Cybersecurity and Infrastructure Security Agency Alert (AA21-356A): *Mitigating Log4Shell and Other Log4j-Related Vulnerabilities* (December 23, 2021).

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 building safety measures and enforcement of security protocols, as discussed below.

GSA's Management of Building Safety

GSA's management of building safety measures is critical because problems could pose fire, safety, and health risks to GSA building occupants, contractors, personnel, the public, and Federal property. However, recent audit reports have demonstrated that GSA faces challenges in this area.

For example, in February 2022, we reported that PBS failed to comply with Federal regulations and its own policy for asbestos management at the Chet Holifield Federal Building (CHFB).[30] As a result, CHFB tenants, visitors, contractors, and PBS staff were at increased risk of exposure to asbestos-containing materials. We found that PBS:

- Does not maintain a reliable asbestos-containing materials inventory for the CHFB or update the CHFB asbestos management plan;
- Failed to notify building occupants of the presence and location of asbestos-containing materials in accordance with Federal and state regulations and PBS policy; and
- Is providing inadequate oversight of the CHFB O&M service contractor.

We also found that PBS's *Asbestos Policy* contains ambiguous and conflicting information, which can result in inconsistent application of the policy by PBS staff and failure to comply with applicable laws and regulations.

In March 2022, we reported that PBS has not identified all high-risk uses of space under GSA control because it is not effectively managing its fire, safety, and health program.[31] As a result, PBS has not taken measures to eliminate or mitigate potential fire, safety, and health hazards arising from high-risk uses of space, or identified and addressed all incompatible occupant activities.

[30] *Audit of PBS's Management of Asbestos at the Chet Holifield Federal Building in Laguna Niguel, California* (Report Number A190043/P/4/R22002, February 3, 2022).

[31] *PBS Has Not Identified All High-Risk Uses of Space, Resulting in Potential Safety Risks* (Report Number A210020/P/6/R22003, March 24, 2022).

Security Deficiencies in GSA Facilities

Our reports also demonstrate significant challenges facing the security of GSA facilities. For example, in June 2022 we reported on deficiencies in security camera and alarm systems in GSA-owned buildings.[32] The specific findings of our report are restricted from public release; however, we found that although GSA and the U.S. Department of Homeland Security's Federal Protective Service have an agreement in place to coordinate on the long-standing issues identified in our report, little action is being taken to address the situation.

The deficiencies identified in our report on security camera and alarm systems, coupled with our previous reports on security at GSA facilities, demonstrate that physical security remains a challenge for GSA. In January 2020, we reported on significant security vulnerabilities at child care centers in GSA-controlled facilities.[33] In September 2021, we reported on pervasive deficiencies in site security and security operations and administration at a high-risk GSA building.[34]

GSA is taking corrective action to address these deficiencies. For example, GSA received $15 million through the *Consolidated Appropriation Act, 2022* to address the security deficiencies in its child care centers identified through our January 2020 report.[35] GSA officials told us that they are actively planning projects using this funding to improve security at these facilities. Notwithstanding these efforts, our continued findings in this area demonstrate an ongoing need for GSA management's attention.

Challenge 7: Managing the Electrification of the Federal Fleet

Executive Order 14057, *Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability*, mandates a transition to zero-emission vehicles. Under the order, Federal agencies must replace light-duty fleet vehicles with zero-emission vehicles by 2027 and achieve 100 percent zero-emission vehicles by 2035. The executive order confronts GSA with two significant challenges.

First, GSA is challenged to find available zero-emission vehicles and secure sufficient funding to replace its fleet. For example, many Federal agencies require heavy-duty vehicles, such as sport utility vehicles and trucks to meet their mission needs. However, GSA's available electric vehicle

[32] *Audit of Security Camera and Alarm Systems at GSA-Owned Buildings* (Report Number A210033/P/5/R22006, June 22, 2022).

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

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

[35] P.L. 117-103.

options generally do not include these types of vehicles. GSA is also experiencing difficulties finding electric vehicles available for purchase. A May 2022 email from a GSA official stated that Stellantis N.V., the maker of Chrysler vehicles, canceled a GSA order for 1,200 plug-in hybrid electric vehicles due to part shortages and production constraints. Even if enough electric vehicles become available to electrify the entire fleet, GSA faces funding challenges. GSA's FY 2023 budget request included $300 million for fleet electrification, but the current FY 2023 Appropriations Committee bill, if approved, includes only $100 million for the purchase of electric vehicles and building of charging infrastructure. GSA did not receive any funding for this initiative in FY 2022.

Second, the current infrastructure is not adequate to accommodate widespread electric vehicle use. According to GAO, as of March 2022, Federal agencies owned about 1,100 charging stations, some of which contained multiple ports. GSA officials stated that over 100,000 charging stations may be needed to support widespread electric vehicle use, at a price that could vary from $1,000 to over $100,000 per station, depending on the complexity of the project. To support widespread electric vehicle use by the executive order's 2027 and 2035 targeted deadlines, GSA's Fleet Management and PBS offices will have to work together to rapidly expand the electric vehicle charging infrastructure. However, availability constraints and lack of funding, coupled with higher electric vehicle prices, pose challenges in carrying out this executive order.

Challenge 8: Managing the Impact of COVID-19

As the nation continues to emerge from the COVID-19 pandemic and GSA and tenant agencies return to facilities, GSA faces three significant challenges. First, GSA must consistently implement return-to-facilities guidance. Second, GSA must ensure that HVAC systems provide adequate ventilation to minimize the spread of the virus. Third, GSA must ensure that clean water is available in facilities where decreased occupancy and water use may have caused water to stagnate, increasing the risk of water contamination.

Implementing Guidance for Employees' Return to GSA Facilities

Establishing consistent return-to-facility procedures while having to keep up with and implement constantly changing guidance poses a challenge for GSA. As cities, states, and the Federal government return to office environments in greater numbers, GSA needs to ensure that it is able to provide safe and secure work environments.

GSA must also ensure that its own guidance aligns with changing directives from the administration and is consistently implemented across its entire building inventory. Concurrently, GSA must continue to monitor the CDC COVID-19 Community Levels and the trend of reported COVID-19 cases in its facilities across the nation.[36] Despite this unprecedented level of monitoring and review, GSA needs to maintain its ability to make timely and accurate decisions when COVID-19 cases spike across the nation.

The open-space floor plans in many of GSA's facilities 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 must monitor the number of staff reporting in person each day to reduce or eliminate future. 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.

Ventilation and Air Filtration

The *CDC Guidance for Business and Employers Responding to Coronavirus Disease 2019 (COVID-19)* recommends improving building ventilation to reduce the concentration of virus particles in the air to slow the spread of COVID-19 in the workplace. CDC's recommendations include increasing the introduction of outdoor air and improving central air filtration. During FY 2022, we issued two reports identifying deficiencies in ventilation and air filtration at GSA-owned facilities.

- In a March 2022 management alert, we reported that the ventilation in the child care center at the GSA Headquarters Building was inadequate.[37] Although GSA took mitigating actions to address the inadequate ventilation in the child care center, these efforts were not effective. For example, PBS relies on the use of window air conditioners to supply fresh air to the center. However, the air conditioners were not in constant operation and only provide a negligible amount of fresh air. Additionally, we found that the levers to open and close the fresh air vents for three of the five air conditioners were broken.

[36] The CDC monitors three metrics to determine a county's Community Level: (1) new COVID-19 hospital admissions per 100,000 population in the past 7 days, (2) the percent of staffed inpatient beds occupied by COVID-19 patients, and (3) total new COVID-19 cases per 100,000 population in the past 7 days.

[37] *Management Alert: Inadequate Ventilation in GSA Headquarters Child Care Center* (Report Number JE22-001, March 10, 2022).

- In September 2022, we reported that PBS faces challenges in its efforts to improve air filtration in GSA-controlled facilities to help prevent workplace exposures to COVID-19.[38] We found that PBS cannot install the recommended air filters in some GSA-owned facilities because the aging HVAC systems cannot handle MERV 13 air filters. In addition, PBS is not consistently verifying that O&M contractors change air filters or meet preventive maintenance requirements for air handling units in GSA-owned facilities. We also found that PBS is not consistently inspecting GSA-leased space to ensure that air filters meet lease requirements. In some cases, lessors used noncompliant air filters or did not change them regularly. As a result, PBS is using air filters in some GSA-controlled facilities that are less efficient at capturing airborne viruses, including the virus that causes COVID-19.

Water Quality

The reduced occupancy levels during the COVID-19 pandemic allowed for water stagnation in Federal facilities. On July 22, 2021, the CDC issued guidance, *Reopening Buildings After Prolonged Shutdown or Reduced Operation*. The guidance states that “a temporary shutdown or reduced operation of a building (for example, a school or a childcare facility) and reductions in normal water use can create hazards for returning occupants.” It further states to check for hazards before reopening after a prolonged period of building inactivity. The CDC explains that a “prolonged period” for lead and copper contamination may range from hours or days, to weeks or months, depending on plumbing and water-specific factors. The CDC further explains that a period of weeks or months of minimal water flow, among other factors, can also facilitate *Legionella* bacteria growth.

In September 2022, we issued an alert memorandum notifying GSA that PBS did not effectively test for water contamination prior to reopening GSA child care centers that were closed during the pandemic.[39] We found that PBS did not conduct water testing before reopening almost all of the child care centers closed during the COVID-19 pandemic. While PBS has since tested the water in some child care centers, this testing was not comprehensive. As a result, PBS does not have assurance that children and staff at the child care centers have access to safe drinking water.

As described above, challenges remain as GSA and tenant agencies return to facilities in greater numbers. Accordingly, GSA must continue to monitor and implement evolving Federal, state, and local health department guidance. GSA must also ensure adequate ventilation and air filtration in GSA facilities and address the potential risk for contaminated water in facilities where decreased occupancy has caused water to stagnate.

---

[38] *COVID-19: PBS Faces Challenges in Its Efforts to Improve Air Filtration in GSA-Controlled Facilities* (Report Number A201018/P/4/R22008, September 30, 2022).

[39] *Alert Memorandum: PBS Did Not Test Water Prior to Reopening Child Care Centers Closed During the COVD-19 Pandemic* (Memorandum Number A20108-8, September 6, 2022).

GSA Response to the Office of Inspector General's Management Challenges for FY 2023

GSA values the commitment and contributions of the Office of Inspector General (OIG) and appreciates the opportunity to review and comment on the OIG's annual assessment of the most serious management and performance challenges facing the agency. We concur that the challenges identified by the OIG require action and commitment and GSA has already taken substantive steps to address those.

Establishing and maintaining a strong internal control environment is critical to GSA's ability to deliver effective and efficient government services for the American people. Monthly senior leader meetings with the Deputy Administrator and senior GSA leadership focus on agencywide accountability, high risk issue resolution, and reflect the seriousness with which we take this responsibility. This collaborative effort has led to significant reductions in credentialing issues, implementation of contract administration improvements recognized by the OIG, and new insights into strengthening program performance. Furthermore, GSA offices have completed 100 percent of their corrective actions timely, and, for the second year in a row, 100 percent of the corrective action plans reviewed by the OIG were deemed fully implemented. For GAO audits, GSA distinguished itself by achieving a recommendation implementation rate of 97 percent (compared to a government-wide implementation rate of only 76 percent).

GSA appreciates the OIG's acknowledgement of the steps the agency has taken to strengthen its approach to contract administration such as policy changes, process improvements, and addressing the performance and training needs of the contracting staff. GSA agrees with the OIG's assessment that we must remain focused on improvements in this area. Improving the quality of contract administration is one of the key performance goals in GSA's FY 2022 - 2026 Strategic Plan.

GSA has given thoughtful consideration to the findings of previous OIG audits with respect to government procurement and, when appropriate, implemented corrective actions. GSA's Federal Acquisition Service (FAS) has committed to getting quality data into its pricing tools and completing training for Multiple Award Schedules (MAS) program contracting staff prior to Transactional Data Reporting (TDR) expansion. FAS continues to work with its largest vendors as a part of ongoing data quality maturation. FAS has successfully transferred over 2.4 million refined TDR records to its pricing tools as of September 2022 in support of incorporating TDR data into the Price Point Plus Portal ("4P") pricing data report, making TDR data readily available to all FAS contracting officers for price analysis. GSA is taking a purposeful approach towards a decision for TDR expansion and will emphasize continuous process improvements combined with robust acquisition workforce training as it matures the program.

Cyber supply chain risk management (C-SCRM) is a top management challenge for GSA and the entire Federal Government. GSA remains focused on an enterprise-wide approach through the GSA C-SCRM Executive Board, with increasing awareness and capabilities within GSA's acquisition workforce to better manage supply chain risks as one of the Board's key performance goals. GSA is also addressing supply chain risk through aggressive implementation of the Section 889 prohibition, which includes exclusion of covered Section 889 articles from FAS offerings and is paired with ongoing compliance monitoring practices that exceed Federal Acquisition Regulation requirements. GSA accepts that maturing our SCRM capability will likely be a long-term effort. In the near term, we expect to use expanded vendor risk tools to support supply chain illumination and risk analysis on critical programs, provide subject matter expert support for pre- and post-award supply chain risk reduction strategies, and review significant acquisitions through the GSA SCRM Review Board, along with other efforts. We are addressing GSA's highest enterprise-level supply chain risks by adding GSA-specific IT supply chain management requirements in contracts tailored to the type of contract and specific business needs. To raise supply chain risk awareness in the acquisition workforce, GSA also created a supply chain journey map and procedures for considering supply chain risks in our contracts and communications.

GSA also partners with over 50 agencies and has provided them with several tools to ensure that Federal Real Property Profile (FRPP) submission reflects a complete, accurate, and consistent accounting of their real property inventory. These tools will ensure that the FRPP is a valuable resource to develop policies and monitor agency performance in managing Federal real property in a post-pandemic work environment.

Managing a complex Federal IT architecture in the current environment is a challenge that GSA embraces. GSA is widely recognized as a leader in Federal IT space, being the only Federal agency to score an “A” in the Cyber category of the most recent (July 2022) Federal Information Technology Acquisition Reform Act (FITARA) scorecard and consistently scoring between a B+ and an A+ on the overall scorecard. To meet these challenges, GSA IT is moving more applications to the SecureAuth single sign-on solution and integrating two-factor authentication for identity and access management services. GSA also aligned its cybersecurity program to the new capability-driven metrics in the FY 2022 Federal Information Security Modernization Act (FISMA) evaluation process; and, by prioritizing zero trust and the metrics, GSA will manage risks across the five core cybersecurity functions—identify, protect, detect, respond, and recover—and all security domains.

To mitigate cyber supply risk within GSA, the agency conducts risk management activities through the development of a formalized C-SCRM program that aligns to the Cybersecurity and Infrastructure Security Agency Cybersecurity Framework and allows us to identify, protect, detect, respond, and recover from C-SCRM incidents. In FY 2022, GSA was awarded $29.8 million from the Technology Modernization Fund to advance a zero trust architecture, focusing on users, devices, networks, and security operations, putting GSA in a position to meet the demands of telework and upgrade the security network of public buildings. GSA will also increase machine learning and artificial intelligence-driven algorithms to connect diverse data sources and highlight threats, while also providing security oversight for cyber supply chain risk management.

GSA continues to focus on right-sizing the Federal real estate portfolio, which has been made more challenging by GSA’s annual lack of full access to Federal Buildings Fund revenues and collections. The right-sizing effort will enable GSA to reduce and consolidate agencies into GSA-controlled Federal facilities based on their missions and reduce the reliance on costly leases, which will maximize the performance of the inventory and savings for the American taxpayer. GSA’s other efforts will include reducing and consolidating space, reducing leasing costs, meeting the operations and maintenance needs of Federal buildings, administering GSA’s Capital Construction Program, and ensuring effective management of Energy Savings Performance Contracts (ESPCs) and Utility Energy Service Contracts (UESCs).

Providing a safe work environment for Federal employees and the public is a priority for GSA and has achieved significant reductions in credentialing issues by strengthening controls over the monitoring and collecting of GSA Access Cards. GSA has also coordinated with the Federal Protective Service (FPS) to conduct comprehensive security assessments at GSA child care centers, and with each Child Care Facility Security Committee for approval and funding of approved countermeasures. In addition, we are committed to partnering with the U.S. Department of Homeland Security (DHS) to ensure security camera and alarm systems at GSA-controlled facilities are functioning properly. A clear understanding of responsibilities and an agreed-on implementation process are necessary for security camera and alarm systems at GSA-controlled facilities to be consistently maintained, repaired, and when necessary, replaced. GSA, DHS, and FPS are currently working collaboratively toward these goals.

With respect to other health and safety measures for occupants in GSA-controlled space, GSA continues to follow guidance from the Centers for Disease Control and the Safer Federal Workforce Taskforce with regard to cleaning and operating space under our control. GSA has also adjusted our HVAC operations to increase ventilation and improve air filtration. Air filtration has been evaluated; air filters have been improved to higher Minimum Efficiency Reporting Values (MERV) ratings to the extent possible without reducing air flow/ventilation; and filter banks have been sealed to prevent air from bypassing the filters. In addition, GSA has addressed water quality in GSA-controlled facilities and child care centers through an enhanced plan, which includes a combination of regular flushing of water lines in buildings with reduced occupancy (which started in May 2020) along with chlorine and hot water testing (which started in October 2020).

GSA agrees with the challenges identified by the OIG with electrification of the Federal fleet and will continue to address these risks through close relationships with suppliers, advising agencies on optimal electrification strategies with funding and market limitations, and focusing on infrastructure to support electric vehicle operation. Despite funding and market supply limitations, GSA ordered 3,567 zero emission vehicles (ZEV) in FY 2022—more than five times that of the prior FY 2021—and offered 65 unique ZEV models. GSA has also awarded electric vehicle charging infrastructure contract solutions using FAS and Public Buildings Service (PBS) authorities to support both equipment and construction requirements of the Federal community. Although GSA continues to request additional funding to support both ZEVs and the charging infrastructure necessary to support ZEV operation, its customers have secured funds to support the transition to a zero emission fleet, and together we have made significant early progress toward the administration's goals.

GSA has made significant progress in addressing the challenges identified by the OIG, and we know there is more we need and want to accomplish. We look forward to working with Congress, our partners, and the OIG in continuing to improve GSA programs and operations.

Payment Integrity

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 payment.

At a high level, a payment is proper if it was made to the right recipient for the right amount, whereas 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: improper payments resulting in a monetary loss or 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. This website features annual improper payment data sets, program scorecards, and frequently asked questions relating to improper payments.

OMB defines significant improper payments as the total annual improper payments in a program exceeding:

- 1.5 percent of the program's expenses and $10 million of improper program payments, or
- $100 million in improper program payments, regardless of percentage.

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 2022.

In accordance with OMB Circular A-123, Appendix C, GSA continues to complete risk assessments of programs meeting OMB criteria on an ongoing 3-year cycle.

Payment Recapture Audit Program

The 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 such audit is cost effective for the agency. GSA has contracted a payment recapture auditor for this effort. GSA has one program where the recapture audit is required, the Rental of Space program.

The purpose of GSA's payment recapture audit is to identify and recover overpayments for the Rental of Space program. Generally, 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 the 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.

The FY 2021 Payment Recovery Report identified recommendations to improve the Rental of Space program. Areas for improvement and control deficiencies were addressed by recommendations and action plans. As a result of the action planning, PBS provided training to lease acquisition officers and re-sent the PBS leasing alert. The leasing alert addresses the importance of accurate data entry. In addition, GSA's financial services provider implemented an automated interface from the real estate feeder system to the financial management system, which eliminates the need for manual intervention and reduces the risk of data entry errors.

To further improve the program, 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 the nature and origin. GSA establishes claims to recapture overpayments in accordance with the Debt Collection Improvement Act of 1996. GSA also audits its lease files annually to verify that tax bills were submitted to GSA. If any bills are missing, GSA retrieves the bill and analyzes whether GSA is owed money through the claim process.

Other GSA Statutorily Required Reports

Debt Management

The U.S. General Services Administration (GSA) reported $117 million of outstanding debt from non-Federal sources, subject to the Debt Collection Improvement Act of 1996 (DCIA). Of that amount, $12 million, or 10.48 percent, of the outstanding debt was delinquent at the end of fiscal year (FY) 2022. 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 FY 2022, GSA managed collections of non-Federal claims valued in excess of $543 million of which $10 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 2022, GSA paid interest of $82,565 on disbursements subject to the PPA of $28 billion, or $2.94 in interest per million disbursed. The statistics for the current and preceding 2 fiscal years are:

	2020	2021	2022
Total Number of Invoices Paid	2,071,217	2,017,941	**1,804,004**
Total Dollars Disbursed (in billions)	$26.32	$26.78	**$28.07**
Total Dollars of Interest Penalties	$164,472	$87,140	**$82,565**
Interest Paid per Million Disbursed	$6.25	$3.25	**$2.94**
Percentage of Invoices Paid-On-Time	99.8%	99.9%	**99.9%**
Percentage of Invoices Paid Late	0.2%	0.1%	**0.1%**
Percentage of Invoices Paid Electronically	99.8%	99.9%	**99.6%**

Civil and Monetary Penalties

The Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 requires agencies to increase the dollar amount of civil penalties each year so that the penalties 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	2022	Maximum of $12,100 for each false, fictitious, or fraudulent statement	U.S. General Services Administration	87 FR 2349 February 14, 2022

Climate Related Financial Risk

Climate change poses a unique threat to the U.S. General Services Administration's (GSA) ability to deliver on its mission. Extreme weather — like wildfires, extreme heat, hurricanes, and flooding — puts Federal buildings and property at risk. Supply chain disruptions, delivery delays, and cost increases affect GSA's ability to deliver services, products, and solutions to Federal customers.

To address these and other climate-related challenges, GSA developed the Climate Change Risk Management Plan. The plan lays out the detailed metrics, timeframes, and steps that the agency is taking to manage both fiscal and physical risks and secure Federal real property and supply chain investments.

GSA's Public Buildings Service (PBS), which is responsible for managing property under the jurisdiction, custody, or control of GSA, has adopted a two-pronged approach to understanding and mitigating risks to GSA-controlled property. The first approach is that PBS's Capital Investment and Leasing Program has added a climate risk assessment to the reviews it conducts on new projects. So far, more than 100 GSA-controlled buildings and projects have gone through this new process, which leverages current climate science and forecasts for long-term changes. For example, GSA has already completed climate profiles for all of its Bipartisan Infrastructure Law - Land Port of Entry modernization projects to identify risks and to incorporate the climate profiles into each project definition rating index, as appropriate.

The second approach is that PBS is applying the Capital Investment and Leasing Program's successful risk management approach to its existing real property portfolio. Through its Climate Resilience Special Emphasis initiative — part of GSA's Climate Change Risk Management Plan — PBS is surveying its existing assets' elevations and vulnerability to effectively assess flooding risks in the face of extreme weather.

GSA's Federal Acquisition Service (FAS) leverages Government-wide buying power and acquisition expertise to successfully deliver services, products, and solutions to Federal agencies. To manage and reduce supply chain issues caused by climate change, FAS identified five critical offerings with the greatest exposure and sensitivity to climate risks: telecommunications, motor vehicles and fleet, professional services, information technology (IT) hardware, and IT services. These critical offerings were identified in GSA's 2015 Vulnerability Assessment Report, and the agency is in the process of updating the assessment following the International Organization for Standardization 14091: 2021 standard. The FAS Acquisition Council[1] reviews all external-facing acquisitions valued at $100 million or greater to ensure compliance with a number of requirements, including climate risk, at various phases of the acquisition life cycle. In FY 2022, climate risk and adaptation requirements were integrated into three Government-wide acquisition vehicles, requiring awarded contractors to identify climate-related risks that could negatively impact performance and to report on actions taken to address these risks. This process provides an umbrella of climate risk management coverage to GSA's customer agencies and seeks to protect their financial investments in these acquisitions.

The impact of climate-related risks or opportunities on financial performance and financial position presents new challenges to incorporate climate-related risk assessments into the governance structure, business strategy, and financial planning of the agency. GSA is participating in the Federal Accounting Standards Advisory Board's Climate-Related Financial Reporting Task Force

[1] Established by FAS Policy and Procedure 2021-06, FAS Acquisition Oversight Reviews

and the Office of Management and Budget's Intergovernmental Working Group on Climate-Related Financial Risk.

GSA will continue to identify and assess climate-related risk through an internal climate vulnerability assessment that will rely on actionable science from the latest National Climate Assessment. It is expected to be completed by the third quarter of FY 2023. In the meantime, GSA's Climate Change Risk Management Plan: 2022 Progress Report provides implementation updates on the climate adaptation actions outlined in GSA's Climate Change Risk Management Plan.

GSA has recently released the Sustainability Plan, which lays out the agency's priority strategies for sustainability, emissions mitigation, and portfolio performance metrics.

Acronyms and Abbreviations

4P	Price Point Plus Portal	**ECF**	Electronic Contract Files
AAS	Assisted Acquisition Services	**EIS**	Enterprise Infrastructure Solution
AFR	Agency Financial Report	**EO**	Executive Order
APG	Annual Performance Goal	**EOA**	Eliminate, Optimize, and Automate
APR	Annual Performance Report	**EOP**	Executive Office of the President
ASF	Acquisition Services Fund	**ERSI**	Enterprise Risk and Strategic Initiatives
CBCA	Civilian Board of Contract Appeals	**ESCO**	Energy-Service Companies
CDC	Centers for Disease Control and Prevention	**ESPC**	Energy Savings Performance Contracts
CFO	Chief Financial Officer	**FAS**	Federal Acquisition Service
CHFB	Chet Holifield Federal Building	**FASAB**	Federal Accounting Standards Advisory Board
CICA	Competition in Contracting Act of 1984	**FBF**	Federal Buildings Fund
CISA	Department of Homeland Security Cybersecurity & Infrastructure Security Agency	**FBwT**	Fund Balance with Treasury
CMc	Construction Manager as Constructor	**FCRA**	Fair Credit Reporting Act
COVID-19	Coronavirus Disease of 2019	**FCSF**	Federal Citizen Services Fund
CSBR	Combined Statements of Budgetary Resources	**FDA**	Food and Drug Administration
C-SCRM	Cyber Supply Chain Risk Management	**FECA**	Federal Employees' Compensation Act
CSP	Commercial Sales Practices	**FEDPAY**	Payment System for Government Vendors
CSRS	Civil Service Retirement System	**FedRAMP**	Federal Risk and Authorization Management Program
DATA Act	Digital Accountability and Transparency Act of 2014	**FEDSIM**	Federal Systems Integration and Management Center
DCIA	Debt Collection Improvement Act of 1996	**FERS**	Federal Employees Retirement System
DEF	Disaster Emergency Fund	**FEVS**	Federal Employee Viewpoint Survey
DEIA	Diversity, Equity, Inclusion and Accessibility	**FFATA**	Federal Financial Accountability and Transparency Act of 2006
DHS	U.S. Department of Homeland Security	**FFMIA**	Federal Financial Management Improvement Act of 1996
DM&R	Deferred Maintenance and Repairs	**FISMA**	Federal Information Security Management Act
DOD	U.S. Department of Defense	**FIT**	Furniture and Information Technology Program
DOI	U.S. Department of the Interior	**FITARA**	Federal Information Technology Acquisition Reform Act
DOJ	U.S. Department of Justice	**FMFIA**	Federal Managers' Financial Integrity Act of 1982
DOL	U.S. Department of Labor	**FPS**	Federal Protective Service

FRPP	Federal Real Property Profile
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GPP&E	General Property, Plant and Equipment
GPRA	Government Performance and Results Act
GS&S	General Supplies and Services
GSA	U.S. General Services Administration
GSA IT	Office of GSA's Chief Information Officer
GTAS	Governmentwide Treasury Account Symbol Adjusted Trial Balance System
HHS	U.S. Department of Health and Human Services
HR	Human Resources
HUD	U.S. Department of Housing and Urban Development
HVAC	Heating, Ventilation, and Air Conditioning
IA	Intelligent Automation
IDEA	Integrated Digital Experience Act
IIJA	Infrastructure Investment and Jobs Act
IT	Information Technology
ITC	Information Technology Category
LGBT	Lesbian, Gay, Bisexual, and Transgender
MAS	Multiple Award Schedule
MCOC	Management Control and Oversight Council
MERV	Minimum Efficiency Reporting Value
NEA	National Endowment for the Arts
NIST	National Institute of Standards and Technology
O&M	Operations and Maintenance
OA	Occupancy Agreement
OAS	Office of Administrative Services
OCE	Office of Customer Experience
OCFO	Office of the Chief Financial Officer
OCIA	Office of Congressional and Intergovernmental Affairs
OCR	Office of Civil Rights

OGC	Office of General Counsel
OGP	Office of Government-wide Policy
OHRM	Office of Human Resources Management
OIG	Office of Inspector General
OMA	Office of Mission Assurance
OMB	Office of Management and Budget
OPM	Office of Personnel Management
OSC	Office of Strategic Communication
OSDBU	Office of Small and Disadvantaged Business Utilization
P3	Public Private Partnerships
PAE	Post-Award Engagement
PBS	Public Buildings Service
P.L.	Public Law
PMR	Procurement Management Review
PMRD	Procurement Management Review Division
PMO	Program Management Office
PP&E	Plant, Property and Equipment
PPA	Prompt Payment Act
PRC	Price Reductions Clause
PSHC	Professional Services and Human Capital
R&A	Repairs and Alterations
RC	Regional Commissioners
RPA	Robotic Process Automation
RWA	Reimbursable Work Authorization
SASE	Secure Access Service Edge
SCRM	Supply Chain Risk Management
SDB	Small Disadvantaged Business
SFFAS	Statement of Federal Financial Accounting Standards
SME	Subject Matter Expert
SSA	U.S. Social Security Administration
TAA	Trade Agreements Act
TDR	Transactional Data Reporting

TMF	Technology Modernization Fund
TSP	Thrift Savings Plan
TTL	Travel, Transportation and Logistics
TTS	Technology Transformation Services
UESC	Utility Energy Service Contracts
U.S.	United States of America
U.S.C.	United States Code
USSGL	U.S. Standard General Ledger
VDI	Virtual Desktop Interface
WCF	Working Capital Fund
YTD	Year-to-Date
ZEV	Zero-Emission Vehicle
ZTA	Zero Trust Architecture

Endnotes

Page no.	URL address of hyperlink
4	https://www.gsa.gov/
4	https://www.gsa.gov/reference/reports/budget-performance/annual-reports
4	https://www.gsa.gov/cdnstatic/GSA_Strategic_Plan_FY_2022_-_2026_FINAL_508.pdf
4	https://www.gsa.gov/cdnstatic/17%20FY%202022%20GSA%20Annual%20Performance%20Plan_6092021.pdf
7	https://www.gao.gov/assets/gao-05-734sp.pdf
7	https://tfm.fiscal.treasury.gov/v1#Part2
9	https://www.whitehouse.gov/wp-content/uploads/2018/06/a11.pdf
13	https://www.gsa.gov/about-us/regions/welcome-to-the-greater-southwest-region-7/region-7-newsroom/greater-southwest-feature-stories-and-news-releases/downtown-san-antonio-boasts-a-new-federal-courthouse-11302021
13	https://www.gsa.gov/about-us/regions/welcome-to-the-rocky-mountain-region-8/buildings-and-facilities/colorado/denver-federal-center/dfc-building-48
14	https://www.gsa.gov/about-us/regions/welcome-to-the-new-england-region-1/buildings-and-facilities/development-projects/volpe-center
14	https://www.gsa.gov/technology/technology-purchasing-programs/governmentwide-acquisition-contracts/8a-stars-iii
15	https://digital.gov/
15	https://designsystem.digital.gov/
15	https://www.section508.gov/content/guide-accessible-web-design-development/
15	https://www.gsa.gov/technology/technology-products-services/it-security
15	https://buy.gsa.gov/
16	https://bestplacestowork.org/rankings/detail/?c=GS00
17	https://www.usa.gov/espanol/
17	https://www.section508.gov/manage/deia-guidance/
17	https://www.gsa.gov/about-us/newsroom/news-releases/gsa-expands-diversity-and-access-in-public-art-program-01312022
17	https://www.gsa.gov/about-us/newsroom/news-releases/gsa-and-noma-collaborate-to-expand-support-for-diversity-in-architecture-03012022
17	https://www.gsa.gov/cdnstatic/GBAC%20EJE%20Advice%20Letter%20Final%20APR-20221.pdf
17	https://www.gsa.gov/real-estate/gsa-properties/land-ports-of-entry-and-the-bipartisan-infrastructure-law#:~:text=A%20Land%20Port%20Of%20Entry,laws%20pertaining%20to%20such%20activities.
17	https://www.gsa.gov/real-estate/design-excellence-program/urban-developmentgood-neighbor-program
17	https://www.gsa.gov/about-us/newsroom/news-releases/gsa-announces-ambitious-new-goal-to-support-small-disadvantaged-businesses-in-federal-contracting-03242022
17	https://www.gsa.gov/resources/federal-customers/strategic-programs/abilityone
17	https://www.gsa.gov/about-us/newsroom/news-releases/gsas-polaris-contract-advances-equity-in-federal-procurement-03252022
17	https://www.gsa.gov/about-us/newsroom/news-releases/gsa-and-nglcc-collaborate-to-expand-support-for-lgbtqiowned-businesses-06302022
19	https://www.gsa.gov/about-us/organization/federal-acquisition-service
19	https://www.gsa.gov/about-us/organization/public-buildings-service
21	https://www.gsa.gov/real-estate/design-excellence-program/design-excellence-program-overview/sustainability/sustainable-design
21	https://www.gsa.gov/governmentwide-initiatives/climate-action-and-sustainability/center-for-emerging-building-technologies/about-green-proving-ground-gpg
21	https://www.gsa.gov/real-estate/real-estate-services/real-property-utilization-disposal

42	https://www.whitehouse.gov/briefing-room/presidential-actions/2021/05/12/executive-order-on-improving-the-nations-cybersecurity/
42	https://www.whitehouse.gov/wp-content/uploads/2022/01/M-22-09.pdf
43	https://www.usaspending.gov/
86	https://www.gsa.gov/reference/reports/budget-performance/annual-budget-requests/previous-congressional-justifications/fy2022-congressional-justification
102	https://www.fiscal.treasury.gov/reports-statements/
131	https://theintercept.com/2021/07/20/video-surveillance-cameras-us-military-china-sanctions/
131	https://www.congress.gov/bill/115th-congress/house-bill/2810/text#toc-H6166FFFC316E4B49BAC0A40658CEC684
150	https://www.paymentaccuracy.gov/
153	https://www.federalregister.gov/documents/2022/01/14/2022-00732/program-fraud-civil-remedies-act-of-1986-civil-monetary-penalties-inflation-adjustment
154	https://www.sustainability.gov/pdfs/gsa-2021-cap.pdf
155	https://nca2018.globalchange.gov/
155	https://www.sustainability.gov/pdfs/gsa-2022-cap.pdf
155	https://www.sustainability.gov/gsa.html

Credits

Page 18
South Atrium of the Federal Center, Seattle, Washington; Photo credit: Benjamin Benschneider

Page 47
Orrin G. Hatch U.S. Courthouse, Salt Lake City, Utah; Photo credit: Scott Frances

Page 119
Mariposa Land Port of Entry, Nogales, Arizona; Photo credit: Bill Timmerman

Inside Back Cover
SSA National Service Center, Urbana, Maryland; Photo credit: Jeffrey Sauers

U.S. General Services Administration

U.S. General Services Administration
1800 F Street, NW
Washington, DC 20405

gsa.gov/annualreports