

## GSA RESPONSES TO THE OFFICE OF INSPECTOR GENERAL'S MANAGEMENT CHALLENGES FOR FY 2020 (UNAUDITED)

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

#### Agency Actions Completed or Planned

GSA recognizes the importance of an effective internal control system to the agency's success. When internal controls were identified as a management challenge in FY 2019, GSA took an enterprise-wide approach with the following actions to strengthen the agency's internal control environment.

- **GSA established top leadership** support to address these issues by establishing a Senior Leadership Team representing the Heads of GSA Services and Staff Offices (SSOs). This team, co-chaired by the Deputy Administrator and the Chief Financial Officer (CFO), directs management attention to developing a more effective internal control environment across GSA. It provides high-level governance over the response to internal control deficiencies, established goals, and priorities, and increases Senior Executive accountability to resolve internal control weaknesses through regular meetings to assess status and performance.
- **GSA chartered a Performance Audit and Internal Control Working Group** with the specific responsibility of reviewing and revising audit and internal controls procedures, improving coordination and communication of program audit and internal control activities across the agency, and developing action plans to strengthen internal controls. This group takes an agency-wide approach to identify and address internal control weaknesses and elevate and recommend issues to the Senior Leadership Team.
- **GSA analyzed program audit and internal control issues** to identify and analyze root causes. This analysis was used to inform an action plan that identifies specific steps to ensure compliance with laws and regulations, the timely resolution of audit issues, and the elimination of repeat audit issues. The action plan also outlines performance metrics to measure progress against goals, ensure quality of program audit data, and report progress to the Senior Leadership Team.
- **GSA expanded internal reviews** conducted by the Procurement Management Review Division. In FY 2019, this group expanded their review scope to include contract administration and Multiple Award Schedule (MAS) team-based contracts and to require enterprise-wide corrective action plans to address compliance and internal control weaknesses.

GSA developed corrective action plans for each of the audits and findings referenced in this management challenge. GSA has worked with the OIG to strengthen our internal controls over programs, resulting in significant reductions in the number and age of open audit recommendations compared to prior years.

In FY 2020, GSA looks forward to working in partnership with the OIG and expects to demonstrate continued progress in resolving audit issues and strengthening our internal control environment.

## CHALLENGE # 2: Improving Contract and Lease Administration Across GSA

### Agency Actions Completed or Planned

GSA strengthened the oversight and control environment relating to contract and leasing through several efforts, including through the use of data to drive visibility, policy changes, workforce changes, and Procurement Management Reviews (PMR).

In 2014, GSA created the agency-wide acquisition balanced scorecard, under which monthly reports on key metrics are developed for each Head of Contracting Activity (HCA) across the agency. The HCAs are sent monthly updates on performance and can check their progress and status at any point. The Senior Procurement Executive (SPE), Assistant Commissioners for Acquisition Management, and other agency leaders review these results on a regular basis and follow up to address concerns.

Recognizing particular challenges in leasing and in IT acquisition, GSA worked with the Office of Personnel Management to obtain direct-hire authority for lease contracting officers and is increasing staffing. GSA is also developing a comprehensive IT Acquisition Competency Model. GSA developed an updated model for the key competencies required of IT buyers and baselined the workforce against the new model in October 2019. The focus for FY 2020 is to develop strategies to fill identified gaps through industry and Government-developed training.

GSA's Office of Acquisition Policy also issued three General Services Acquisition Manual changes to address OIG concerns related to contract and leasing administration practices:

1. 2019-G505 (effective April 16, 2019) addresses OIG concerns regarding missing contract file documentation. It provides for consistent management of contracts through a standard file format, ensuring that documents that tend to be found in many places across multiple systems will be easier to locate.
2. 2019-G506 (effective August 2, 2019) provides a common framework for conducting acquisition reviews, including at the post-award phase. This is the first time GSA has required structured acquisition reviews across the agency and a review of contract performance as part of review panel processes.
3. 2019-G509 (effective September 16, 2019) is a response to inconsistent policy leading to customer concerns, industry complaints, and added costs. It clarifies that draft policies, such as FAS Policies and Procedures, Procurement Instructional Letters, and Leasing Acquisition Alerts, be shared with the SPE prior to issuance. This is an important effort to drive policy standardization.

In October 2019, the GSA SPE directed that the FY 2019 PMR cycle place a greater emphasis on assessing GSA's contract administration environment. The Office of Government-wide Policy (OGP) then collaborated with FAS and PBS to develop a comprehensive list of test questions to assess GSA activities in contract administration in terms of compliance with laws, regulations, and policies, as well as quality. The test questions were generally grouped into four major categories of contract administration activities: budget, schedule, roles and responsibilities, and oversight documentation. A total of 12 GSA contracting activities were reviewed in FY 2019. The groups were subsequently provided with detailed results of their performance based on the test questions. The entities reviewed in FY 2019 were:

- **FAS:** Region 6, Region 8, Region 11, Travel, Transportation, and Logistics, and Information Technology Category;
- **PBS Acquisition:** Region 6, Region 8, and PBS Energy Division;

- **PBS Leasing:** Region 6, Region 8, and Region 11; and
- **OAS:** Office of Internal Acquisition

Findings and recommendations specific to one entity required a corrective action plan (CAP) from the specific head of contracting activity. OGP requested CAPs from three entities in FY 2019.

OGP identified four enterprise-wide findings and is drafting recommendations to issue to GSA Heads of Services and Staff Offices. These recommendations request resolution of the findings with CAPs. The Office of Administrative Services will monitor and track progress and successful completion.

In August 2019, the PMR Division shared all results from the FY 2019 PMR cycle with FAS, PBS, OAS, and OCFO at a 2-day planning session. In this session, the test questions were also reviewed to identify areas where the review process should be strengthened in FY 2020. In response to the OIG's findings regarding Enterprise Infrastructure Solutions contract, FAS submitted a CAP to address the six recommendations. GSA is working with the OIG to receive final approval on the CAP, which describes the controls that have already or will be implemented by June 29, 2020. These controls include:

1. An updated interagency agreement with clear roles and responsibilities to be executed on a yearly basis;
2. More stringent reporting on financials, schedules, and deliverables on a weekly basis to closely monitor transition progress;
3. Moving the responsibility of task order assistance management to a new management team including a new contracting officer, contracting officer's representative, and the addition of a contracting specialist;
4. Newly established procedures for invoice reviews that ensure the proper oversight and payments for qualified employees and pre-approved travel claims.

In FY 2020, contract administration will remain a focus and OGP plans to conduct PMRs with the following GSA contracting organizations:

- Region 7 - FAS, PBS Acquisition, and PBS Leasing (December 2019)
- Electronic contract file review - GSA-Wide sample (January 2020)
- FAS Government wide acquisition contracts (February 2020)
- Reimbursable work authorizations - PBS Leasing (February 2020)
- Region 3 - FAS, PBS Acquisition, and PBS Leasing (March 2020)
- Region 1 - FAS (April 2020)
- Region 9 - FAS, PBS Acquisition, and PBS Leasing (April 2020)

### **CHALLENGE # 3: Enhancing Government Procurement**

#### **Agency Actions Completed or Planned**

One of GSA's core missions is to provide efficient and effective acquisition solutions across the Federal Government through innovative initiatives. To maximize outcomes and mitigate potential challenges in

its acquisition mission, GSA leverages an enterprise-wide approach, engages key internal and external stakeholders, implements policy and infrastructure in support of Government-wide goals, and incorporates key performance metrics that accurately and objectively measure program effectiveness. To that end, GSA is in the process of implementing several complex acquisition initiatives, including the Government-wide adoption of category management (CM), the Multiple Award Schedules Program (MAS) consolidation, the rollout of commercial e-commerce portals, and the Enterprise Infrastructure Solutions (EIS) transition.

### **Supporting the Government-wide Adoption of Category Management**

Category management is an approach to acquisitions that allows the Federal Government to buy smarter and more like a single enterprise. When CM was introduced as a Government-wide initiative in 2014, FAS faced the challenge of fulfilling new responsibilities as the Program Management Office (PMO) for the entire Federal Government while simultaneously satisfying its long-standing acquisition mission through FAS' contracting programs.

To address this challenge, FAS collaborated with the Office of Management and Budget (OMB) to establish a dedicated CM PMO that is wholly focused on promoting CM adoption Government-wide. The PMO supports the 10 Government-wide categories - 6 of which are led by GSA executives - and provides best-in-class (BIC) solution program support, where solutions are designated by OMB for maximum Government use. Of the approximately 40 current BIC solutions to date, the majority are GSA contracts or vehicles.

OMB Memo 19-13, issued in March 2019, has helped to institutionalize CM, noticeably increasing awareness and interest for agencies to implement CM. The PMO leads collaboration and education opportunities designed to increase this implementation. Examples of PMO-led activities include a CM implementation group, comprising all 24 CFO Act agencies; the BIC Community of Practice; education on the implementation of CM principles and available Government-wide solutions for procurement needs; training and demos of CM tools and materials; and ongoing collaboration with the FAS Office of Customers and Stakeholder Engagement to reach customer agencies.

In FY 2019, OMB's Office of Federal Procurement Policy and the Department of Justice each launched hubs on the Acquisition Gateway as a way to make policies, training, and job aids more accessible to their workforces. The hubs were accessed 880 times and 202 times, respectively. In FY 2020, the Government-wide Category Management (GWCM) PMO will continue to improve its CM content on the Acquisition Gateway.

The Acquisition Gateway also continues to add functionality that provides a value-added, tool-rich experience. The new Independent Government Cost Estimate tool leverages negotiated pricing data from FAS service contracts to help agencies baseline their acquisitions. This tool enables users to create more accurate estimates of what acquisitions could cost, assisting with both budget forecasting and price evaluation. Another tool, eBuy Open, provides access to all the requests for information and requests for quote posted on eBuy since 2013. This data provides the acquisition workforce with examples of acquisitions conducted in all 10 categories of spend.

Prior to 2018, the primary challenge to category and contracting office consumption of transactional data reporting (TDR) was the absence of the data analyst skill set within those communities to leverage raw TDR data. To address this challenge, the GWCM PMO established the GWCM Acquisition Analytics platform as a medium to deliver meaningful comparative analytics from TDR for BIC contract solutions and schedules (optionally) to CM teams and contracting officers. At present, the Acquisition Analytics Platform provides

comparative analytics on 5.1 million transactions from 21 contract solutions, representative of 1,204 unique vendors. TDR-sourced data constitutes 116,000 transactions, 34 unique vendors, and 2 unique contract solutions. The penetration of this platform into CM teams and departmental contract officer operations was identified as an evaluation metric in the FY 2020 TDR Pilot extension.

### **Transforming the Multiple Award Schedules Program**

A key element in addressing challenges associated with efforts to streamline Federal acquisition is the establishment of FAS' Federal Marketplace initiative (FMP), an initiative that includes several acquisition enhancement efforts. A cornerstone project of FMP is MAS consolidation, which accomplished its first milestone on October 1, 2019, with the release of the new consolidated schedule solicitation for the MAS Contract Vehicle.

When MAS consolidation was introduced, FAS noted several challenges in transforming the schedules program, including a lack of buy-in from all stakeholders, a lack of dedicated resources, excessive costs related to legacy systems, a lack of insight into business trends, the need for new systems and legislative restrictions (such as protest parity, cooperative purchasing restrictions and limited to commercial ordering). FAS took several steps to ensure the success of the project:

- FAS established an Integrated Project Team (IPT), which included members from across the FAS enterprise as well as the GSA Office of Strategic Communication. Meetings were also attended by the GSA Office of General Counsel and the GSA Office of the Inspector General. Creating the cross-functional IPT ensured the effort was properly resourced and provided the project with adequate subject-matter expertise on the various offerings in the MAS Program.
- To ensure that stakeholders' buy-in was achieved, FAS implemented multiple communication tactics throughout the project's lifecycle. FAS completed a robust external communication plan, including speaking engagements, an open [maspmo@gsa.gov](mailto:maspmo@gsa.gov) email, live and recorded webinars, [interact.gsa.gov](https://interact.gsa.gov) posts, blog posts, and two requests for information, both of which received overwhelmingly positive feedback. To further ensure agencies understood the forthcoming changes, FAS created a customer fact sheet that was shared with agencies.
- The MAS IPT took a measured approach to ensure most agencies would see little to no change in MAS services and product offerings. The MAS consolidation used existing Federal Acquisition Regulation (FAR), General Services Administration Acquisition Regulation, and Federal Supply Schedules clauses, ensuring a single, consistent solicitation. Using existing clauses provides a foundation for this contract vehicle that allows for further review of terms and conditions, and allows for flexibility to address future legislative and rule-making.
- To ensure a strategic view, the MAS consolidation focused on targeted updates that ensure the systems support the publication of the new solicitation and are able to receive offers. This effort was successful as demonstrated by the fact that FAS has already received submitted offers.

### **Transactional Data Reporting**

As FAS continues the TDR pilot, some challenges remain, such as data quality issues, stakeholder access to and use of the collected data, and the ability to provide an evaluation of the pilot. To address these challenges, FAS continues to review transactional data and has granted TDR data access to the FAS acquisition workforce

and CM teams, with the goal of improving the data maturity level and confidence in the data. Improved data will enrich the Price Point PLUS Portal (4P) Tool and strengthen the position of the acquisition workforce during contract negotiations. GSA has enriched the TDR data with CM data to demonstrate buying patterns by agencies and pricing trends. TDR will also be foundational in the justification for allowing the MAS contract vehicle to be a BIC contract rather than a Spend Under Management Tier II contract, supporting multiple initiatives from OMB. During FY 2020, the TDR pilot will be evaluated using the new evaluation plan issued by the GSA Office of Government-wide Policy.

### **Contract-Awarded Labor Category (CALC) and Price Point PLUS Portal Tools**

MAS contract vehicles are negotiated with a ceiling rate using fair and reasonable pricing. During the base contract award, the CO negotiates with industry partners to ensure best value contract pricing. These contracts are negotiated for an order of one unit and product pricing is further negotiated to include volume discounts, which are displayed publicly via the GSA Advantage!® price list. This is further supplemented by FAR Subpart 8.405-4 Price Reductions. This base-unit negotiation approach provides the program flexibility related to pricing, allows customers to purchase based on the actual needs of the agency, obtain additional discounts when placing orders through eBuy!®, and take advantage of volume discounts. Currently, FAS provides a transparent view of pricing options that are on the awarded MAS contracts.

The 4P Tool and CALC data are each one of several factors used to conduct market research. The way a service is quoted during the actual order is critical because multiple factors must be taken into account. Factors include location, pricing variations associated with the part of the supply chain from which the contractor is providing the item (manufacturer vs. reseller), and how the service is used. The CALC Tool can be used to compare pricing for similar labor categories at the ceiling rates. The 4P Tool provides a range of the ceiling rate price for products. This type of data is combined with additional market research and reviews of market trends to create a more comprehensive view of trends.

Using programs such as TDR, FAS has measured that ceiling pricing is lower overall compared to ceiling rates using the Commercial Sales Practice (CSP). This was determined by comparing the ceiling rates of products on GSA Advantage! from TDR price lists to those using the CSP. It is important to have a ceiling rate that is based off of a best value continuum rather than lowest price. Lowest price introduces risks into supply chain manufacturing and also quoting services that cannot be completed within the time and cost quoted.

### **Implementing Order-Level Materials (OLM)**

FAS has made an effort to mitigate challenges related to the implementation of OLM by limiting the total value of OLMs on an individual task or delivery order to 33.3 percent (one-third) of the order total. Currently, FAR Subpart 8.402(f) provides ordering activities with the ability to order “open market” items on orders and blanket purchase agreements (BPAs) for administrative convenience. FAS implemented the OLM Special Item Number (SIN) to move this spend to the MAS contract vehicle. This would allow FAS to have a better understanding of spending due to the sales reporting requirements. Similar to the open market buying ability allowed by the FAR, OLMs also have restrictions. This includes a maximum total by order, and above certain thresholds a fair and reasonable determination needs to be established by the ordering activity. The contractor must also invoice all OLMs as individual line items; which provides more transparency as the agency can see the actual items that are in the OLM SIN. Further, for those contractors participating in TDR they must report these sales transactionally, thus providing FAS the ability to learn if there are services or supplies that need a new SIN to complete the MAS contract.

### Implementing Procurement through Commercial E-Commerce Portals

GSA and OMB announced the completion of Phase 2: Market Research and Consultation in April 2019. In this implementation plan, GSA and OMB outline three key decisions necessary to begin the implementation of the FY 2018 National Defense Authorization Act (NDAA), Section 846 directive:

- Begin operational implementation of the program with an initial proof of concept to start small, test, and refine as lessons are learned;
- Limit purchases made through the initial proof of concept to the micro-purchase threshold (MPT) to drive adoption and mitigate risk; and
- Start with the e-marketplace model for this initial proof of concept while continuing to assess opportunities to leverage the benefits of the other commercial e-commerce portal models.

Moving into Phase 3: Implementation Guidance, and continuing through FY 2020, GSA is focused on three key areas:

- Implementing the initial proof of concept in early calendar year 2020
- Developing implementation guidance and success metrics for the initial proof of concept; and
- Continuing to engage stakeholders, including partnering with agencies that are interested in helping to shape the initial proof of concept

GSA issued a solicitation in October 2019 to request proposals from e-marketplace portal providers meeting the business-to-business requirements of the proof of concept for the Commercial Platforms program. The program seeks to modernize how commercial products are bought via the open market by Federal agencies through partnerships with multiple commercial e-marketplace platform providers, while helping agency partners gain better visibility and insights into their online spend.

The goal of the proof of concept is to start small with a subset of participating agencies to test, refine, and ultimately grow the program based on the lessons learned. By launching the initial proof of concept in early calendar year 2020, GSA offers a way for agencies to access commercial platforms as part of a whole-of-Government approach and improve visibility into their online spend. FAS is implementing an agency engagement and change management strategy with those subset of agencies who are committed to participating in the initial proof of concept. While the program is not mandatory, GSA plans to share a letter of intent with each participating agency so that it can benchmark and measure usage accordingly.

FAS will work as part of Phase 3: Implementation Guidance to define clear stage gates based on the actual collected spend data to evaluate how well the initial proof of concept is performing. This evaluation will enable FAS to identify changes or investments that might be required for larger program expansion and will answer questions identified in the Phase 2 implementation plan:

- To what extent is the program successfully modernizing the commercial off the shelf buying experience?
- To what extent is the program attracting buyers and thus shifting work away from COs to allow them to focus on higher value and more complex work, and what changes would need to be addressed for a broader expansion?
- To what extent can the program's increased transparency, both in terms of spending data visibility and access to mandatory source and socioeconomic programs, drive better buying strategies and decisions?

FAS will respond to these questions as part of the Phase 3 report due April 2020, and will include the related metrics and benchmarks.

One of the key areas of interest in Section 846 among various stakeholders is the balance of commercial practices with Federal regulations. Congress directed GSA to follow commercial practices to the maximum extent practicable; however, Section 846 does not grant relief from existing statutes governing the purchase of commercial items. To assess this balance, FAS concluded that it would launch the initial proof of concept at the MPT level. The MPT provides a less complicated and more commercial-like way to begin gaining experience with commercial e-commerce platforms. By starting with a more scaled approach, GSA can test the impacts for a minimal investment and make informed decisions on where to grow the program in the future.

Another area of concern was regarding the use of data by portal providers. FAS intends to use the proof of concept to monitor the impacts of the data protection clarifications in Section 838 of the FY 2019 NDAA to better understand and assess concerns across e-marketplace model portal providers and the supplier community and to evaluate whether further statutory clarifications are needed. At this time, FAS has included the Section 838 language in the solicitation with the expectation that portal providers comply with this directive. Additionally, the solicitation specifies that data and information accessible to the portal providers is proprietary to the Government.

Throughout the implementation of the initial proof of concept, FAS will continue to assess the potential effects of the Commercial Platforms initiative on existing acquisition programs. It's important to note that the Commercial Platforms initiative is not intended to replace existing Government purchasing channels. Instead, the platforms will be a valuable purchasing tool available to agencies with the added benefit of visibility - helping agencies gain insights into their spend and to better manage supply chain risk. The ordering guidance issued as part of the solicitation for implementation of the initial proof of concept emphasizes and addresses relevant sources of supply to minimize impact on existing acquisition programs.

### **Leading the Transition to the Enterprise Infrastructure Solutions Contract**

GSA continues to partner with agencies and industry to achieve IT modernization and fiscally responsible acquisition of IT infrastructure by leveraging the GSA-awarded EIS contract. GSA has established an action plan to achieve the modernization objectives, address enterprise level transition, incorporate contemporary service delivery models, and deliver overall compliance (e.g., security, IT acquisition policy). To be successful, GSA recognizes that agencies and industry must also serve as strong partners in leading the transition toward IT modernization goals within an aggressive timeframe.

Additionally, the GSA action plan recognizes the challenges identified by the GSA OIG, including agency acquisition planning delays, full service exit, and transition execution. The central objectives of this action plan are to

1. Increase collaboration within and across agencies and industry
2. More aggressively leverage the transition to EIS to drive network infrastructure modernization as directed in the President's Report on Federal IT Modernization issued in December 2017;
3. Manage in a unique operating environment post EIS-award (e.g., need for dual operations during transition); and

4. Ensure the products and services delivered through EIS address the emerging and growing security challenges of today's operating environment.

A primary challenge in achieving these objectives is the time and effort required to complete transition prior to the 2023 expiration of many of the extended legacy contracts.

The departure from the full-service telecommunications delivery model reflects the need for modernization and greater compliance with statutes like the Federal IT Acquisition Reform Act and acquisition guidance. The telecom industry is considering eliminating legacy infrastructure components as early as December 2023. At the same time, Federal budget cycles and resource constraints (funding, systems, people) create additional complexity which affect the length of time needed to effectively transition from legacy infrastructure. OMB required each agency to develop and maintain their EIS transition plan. GSA's responsibility is to assist in transition with lessons learned from previous transitions and inform agencies of solutions they can leverage to modernize. GSA's action plan to lead EIS transition addresses the challenges by focusing on agency collaboration at strategic and tactical levels, industry collaboration, small agency support, and Government-wide tools and forums to address Government-wide problems.

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

### **Agency Action Completed or Planned**

In FY 2019, GSA began implementing the Real Estate Investment and Savings Strategy to maximize the performance of its real property portfolio, save taxpayer money, and reduce costs for GSA and customer agencies. By executing this strategy, GSA anticipates saving several billion dollars in future Federal spending. This strategy consists of three components:

- Footprint Optimization
- Lease Cost Avoidance
- Productivity

In implementing this strategy, GSA is maximizing the performance of its real property inventory to meet the needs of its customer agencies, at the best value for taxpayers. The plan, which allocates appropriated and authorized resources in the most effective and cost-efficient manner, addresses the OIG's concerns about PBS's real property inventory challenges.

### **Footprint Optimization**

GSA's footprint optimization initiative is reducing and consolidating space to decrease real estate and leasing costs, one of the OIG's highlighted challenges. GSA optimizes its footprint by focusing on real estate solutions in owned and leased assets. From the inception of Reduce the Footprint in FY 2015 to end of FY 2019, GSA has helped its customers realize a reduction of 4.6 million rentable square feet (RSF), with over 6 million RSF in leased space offsetting the 1.5 million RSF increase in GSA's owned inventory.

For further space reductions in FY 2019, GSA developed new tools, reports, and system enhancements to identify assets that can be more effectively utilized. GSA is partnering closely with Federal agencies to drive higher utilization rates and space reductions. GSA implemented the Asset Segmentation Model, the Integrated Planning process, and new tools to improve timeliness of gathering customer requirements, and continues to leverage its Total Workplace Program to engage agencies and enable effective design. Through the Workplace Investment Feasibility Model (WIFM) tool, which allows for expedited scenario-based planning

and rough order of magnitude estimating of solutions, agencies are provided with proper data to make informed decisions for effective reductions. In addition to WIFModel, GSA's workplace strategists, workplace surveys, scorecards, and other tools enable clients to align projects and enterprise program goals. Together, GSA develops planning solutions to optimize assets utilization through tenant housing and workplace strategies, outleasing to private entities, and disposal. Ultimately, GSA works with Federal agencies to design cost-efficient space that meets mission requirements in appropriately sized space.

GSA is implementing action plans to reduce the amount of vacant space and losses associated with lease Funds from Operations (FFO). GSA's vacant space of 3 percent remains significantly lower than reported by CBRE Office Vacancy Report (June 2019) of 12 percent. The agency continues to seek ways to backfill vacant space timely to reduce costs.

Additionally, GSA will continue to reduce space through capital investments and consolidation projects. The enacted FY 2019 Budget provided GSA with \$276 million in Major Repairs and Alterations funding with the requirement that a spending plan and explanation of projects be provided to the Committee on Appropriations in the House and Senate. As part of that expenditure plan provided to Congress in May 2019, PBS allocated over \$90 million to two projects on the Denver Federal Center that will result in approximately \$7.6 million annually in lease cost avoidance, and allocated approximately \$22 million to assist in the consolidation efforts at the Department of Education headquarters in Washington, DC, that will result in approximately \$6.5 million in lease cost avoidance when the project is complete. Additionally, PBS has proposed allocating \$13 million of the \$276 million to projects identified through the consolidation activities program. The funds expended by GSA for projects within the Consolidation Activities Program on average have payback periods of less than 5 years compared to the cost of leasing space from the private sector.

A key component of optimizing the Federal footprint is repurposing and disposing of underutilized assets. GSA disposes of underperforming Federal assets by working with agencies to develop and prioritize effective and efficient real property repositioning strategies. GSA aggressively identifies and disposes of underperforming assets through expanded sales and outleases, auctions, and transfers to local entities. In the last 5 years, GSA awarded 737 disposal projects on behalf of all Federal agencies totaling over \$387 million in proceeds. Last year alone, GSA awarded 167 disposal projects totaling \$99 million in proceeds.

The OIG states that disposing of Federal real property is problematic due to the length of time for the disposal process and the associated costs. The issue is not the cycle time of the disposal process itself; GSA continuously meets its disposal cycle time measures. In FY 2019, GSA was on time for public sale disposals 99 percent of the time and 98 percent on time for non-competitive sales and donations. Once reported excess, properties move quickly through the disposal process. However, getting properties in the pipeline for disposal typically takes longer. Properties can linger for years in vacant or partially vacant status while agencies try to obtain funding to improve or backfill the space. When there are funding constraints, alternative asset strategies have to be implemented including property disposal. In these cases, the entire life-cycle of the asset repositioning strategy can be a lengthy process.

GSA is addressing this challenge by assisting the Public Buildings Reform Board to implement the Federal Assets Sales and Transfer Act (FASTA). GSA has been working closely with customer agencies to review Federal properties to determine which assets are candidates for disposal under FASTA. GSA is helping agencies analyze their real estate portfolio and providing options for improving asset utilization and reducing costs.

### Lease Cost Avoidance

GSA is dedicated to saving money and providing the best value to customers and the American taxpayer. An examination of GSA's real estate portfolio shows that targeting specific lease agreements offered the greatest potential savings. Sixty percent of GSA leases will expire between FY 2019 and FY 2023. This creates a unique opportunity for GSA to restructure its lease portfolio. By targeting the highest cost leases, GSA estimates it can save billions over the life of new lease agreements from FY 2018 through FY 2023. Over the past 2 years, GSA avoided over \$1 billion in future lease costs through the Lease Cost Avoidance Plan.

GSA is achieving savings by:

1. Targeting leases with high utilization rates to reduce space;
2. Negotiating longer firm-term leases;
3. Negotiating leases below market rates;
4. Maximizing Automated Advanced Acquisition Program (AAAP) awards to replace low-cost expiring leases;
5. Increasing broker task orders for higher cost expiring leases; and
6. Backfilling vacant Federally owned space.

GSA is driving these efforts through the Lease Cost Avoidance Plan, which has been implemented throughout all 11 regions and is increasing consistency throughout the leasing process.

These efforts have proven successful. In FY 2019, 61 percent of expired lease dollars were replaced and 27 percent have been extended. Forty-six percent of leases awarded in FY 2019 have a long firm-term (10 years or greater), which is a 14 percent improvement from last year (excludes FY 2020 Census leases). GSA also demonstrated improvement by procuring 76 percent of lease dollars through AAAP or broker task order, an 8 percent improvement from last year. Through these efforts, GSA reduced its leased inventory in FY 2019 (excludes FY 2020 Census leases) by almost 1.7 million RSF, increased the average lease firm term from 6.4 to 7.6 years, and negotiated rates an average of 17 percent below market.

In order to achieve its avoidance goal, GSA realigned internal resources to critical positions and is investing additional resources to increase productivity and accelerate the lease replacement rate. GSA has been granted direct-hire authority to hire staff and is bringing contractors on board to assist with the additional work. While GSA will incur additional costs for these resources in the short-term, as cited by OIG, GSA will reap bigger savings long-term with the cost avoidance generated over the life of the leases.

GSA made tremendous strides in advancing the leasing program by negotiating leases 17 percent below the market mid-point for comparable lease terms in FY 2019. Furthermore, GSA reduced improper payments by focusing responsibility for lease contract administration in three zonal centers of expertise, with over \$19 million recovered in FY 2019. Lease holdovers continue to decrease and have reduced by 50 percent since FY 2014.

GSA will continue to implement the improvements it is making in the leasing program, focusing on standardization, consistency, and lease financial performance to reduce space and save money. The Lease Cost Avoidance initiative creates an opportunity to optimize the Federal footprint, save taxpayer dollars, and fulfill GSA's mission.

## Productivity

The Productivity initiative will improve the efficiency with which GSA delivers programs by leveraging talent and improving processes and tools. This effort will plan for the workforce of the future, shift human capital, align the budget to mission needs, and ensure that GSA is focusing on high-value work. GSA is evaluating resource needs across the organization to ensure that staff are in place and equipped to make the plan successful.

GSA is investing in robotic process automation, system improvements, and process standardization to create consistent and nationally standard business processes that will generate efficiencies and improve performance. Driving consistency has been a concern highlighted by the OIG that GSA is addressing through this initiative.

Another area GSA is targeting for improvement through this initiative is in its Operations and Maintenance (O&M) program. GSA is completing a robust analysis of its national recurring contract program and highlighting ways GSA can improve acquisition and business processes to yield the highest quality vendors. The OIG cites that reduced levels of O&M funding over time can lead to increased costs and increase repair needs. GSA allocates its funding to the most deserving projects through a vigorous decision process, balancing competing needs and priorities. GSA is committed to executing deserving, cost-effective investments into its assets that will reduce long-term costs and the growing backlog of critical repairs and renovations that are necessary in Federal facilities.

In FY 2019, GSA made other improvements in facilities management, including its energy and environmental programs. GSA has strengthened guidance and controls for Energy Savings Performance Contracts (ESPC) and Utility Energy Service Contracts. These contracts are designed to provide GSA the ability to invest in buildings that generate energy savings and reduce costs, with minimal upfront cost. To centralize oversight and provide support to the regions in developing, awarding and executing these contracts, GSA established a national Program Management Office (PMO). This office develops procedures and policies to ensure procurement consistency and Government benefit. These efforts will help drive consistency in how GSA's evaluates and manages these contracts. The PMO has a strategic initiative for FY 2020 to look for ways to improve the measurement and verification process to ensure the savings in ESPCs are sustainable over time.

GSA is developing new guidance and procedures to drive a nationally consistent framework for identifying, reporting, and addressing environmental risks across the GSA building inventory. Last year, GSA enhanced systems to capture and track environmental health and safety issues, as well as corrective action steps. To ensure compliance, GSA regularly updates its policies to reflect regulatory changes and trains its workforce accordingly.

## **CHALLENGE # 5: Managing GSA's Role Under the Comprehensive Plan for Reorganizing the Executive Branch**

### **Agency Action Completed or Planned**

GSA agrees that merging the business of two agencies is a demanding endeavor, presenting a number of legal, financial, operational, and programmatic challenges. GSA is committed to partnering with OPM and OMB and working with the Congress and other stakeholders to arrive at a solution that is well-thought-out, in accordance with existing authorities, and appropriately resourced. To date, we have made progress on a number of things, including:

1. Conducting a comprehensive legal analysis to determine the authorities to transfer certain functions;
2. Partnering with OPM through interagency agreements to analyze and support OPM's IT infrastructure and provide assisted acquisition services for several OPM acquisitions;
3. Working with OPM to support the facility operations and management acquisition for the Federal Executive Institute (FEI);
4. Returning management of OPM's Theodore Roosevelt building to GSA; and
5. Drafting legislation that, if enacted, would transfer all functions performed by OPM to GSA with the exception of certain policy functions.

GSA and OPM also partnered to develop an implementation plan for the HR Quality Services Management Office in accordance with OMB Memo M-19-16. In addition, through subsequent delegated authorities, GSA will begin providing administrative support to the Chief Human Capital Officers Council.

GSA is committed to engaging with OPM and OMB to conduct workforce and financial analysis on impacts to GSA for any functions proposed to be assumed by GSA.

## **CHALLENGE # 6: Prioritizing Agency Cybersecurity**

### **Agency Actions Completed or Planned**

GSA IT, in partnership with PBS, continues to make improvements in the overall security of building systems. In response to earlier audit findings, GSA took steps to maintain a full and complete inventory of building management systems, proactively identifying and modernizing at-risk building systems, targeting high-risk buildings and at-risk technologies, making risk-informed investments in the hygiene of the network infrastructure, implementing personnel and technology process improvements, conducting vendor outreach and management, and providing relevant training to the workforce.

To protect and secure sensitive building information (Federal tenant data, floorplans, leasing data, and market surveys with competitive rental rates), PBS IT and GSA IT Security:

- Implemented more strenuous guidelines for contractor requirements in the National Broker Contract.
- Required GSA Leasing Support Services (GLS) brokers to use Government-provided systems and email to store or process all information pertaining to leases.
- Required contractors to use GSA-provided IT systems and email (currently virtual desktops and GSA-provided Google Accounts) to store, process, or transmit GSA information for all work performed under this contract.

In FY 2018, GSA IT and the PBS Office of Facilities Management implemented a Risk Management Framework (RMF) scorecard to identify and prioritize at-risk building systems. In FY 2018, GSA assessed 30 buildings and applied the RMF to focus on 17 prioritized buildings. Key activities included:

- Categorizing systems and data by that system based on the practical impact of the system;
- Selecting and tailoring baseline security controls for the system based on potential security impacts;
- Implementing security controls;

- Documenting how the controls are deployed within the system and operating environment;
- Periodically assessing the implemented security controls to determine how well the controls are implemented and operating;
- Authorizing the use of the systems based upon a risk-management determination of the actual risk presented by the system; and
- Monitoring and assessing selected security controls in the system including:
  - Assessing security control effectiveness
  - Documenting changes to the system or operating environment
  - Conducting security impact analyses of any associated changes
  - Reporting the security posture of the system to appropriate stakeholders.

In FY 2019, GSA developed a funding and procurement strategy to address operational risks across the building systems portfolio, which included identifying and replacing End of Life (EOL) technology. Eighty switches were replaced and 230 building systems workstations and 180 servers were updated. Additionally, GSA-IT audited and provided training for the identification and removal of unsecured network connections to ensure appropriate security controls are in place. GSA also mitigated other potential vulnerabilities through active and continuous diagnostics and monitoring. GSA IT continues to manage IP-enabled building systems devices. Additionally, in FY 2019, 21 new solutions were assessed in the GSA IT's Security lab at GSA's headquarters.

Vendor and employee outreach efforts continued in FY 2019 to ensure products adhere to Federal IT and cybersecurity requirements and that employees understand and respond effectively to building related security vulnerabilities. In addition to workforce training and the regular meetings GSA IT and PBS held with industry to ensure products meet Federal and GSA security policies and processes, GSA IT introduced additional rigor into contractor requirements in the National Broker Contract. These new guidelines now require GLS Brokers and contractors to use Government-provided systems and email to store or process any and all information pertaining to leases, to store, process, or transmit information for all work performed.

In FY 2020, GSA IT will continue to partner with PBS to ensure that building system stakeholders are aware of security requirements and the importance of securing GSA facilities against risks and incidents. GSA provided guidance and language about cybersecurity requirements to include in leasing agreements that are in line with existing cybersecurity and IT policy. Pending availability of funds, GSA will tackle additional EOL or at-risk building systems. Additionally, GSA-IT is planning on modernizing and re-architecting the Building Systems Network (BSN). FY 2020's focus will be on the re-design of BSN, followed by a rollout in the outyears. Lastly, GSA will conduct Incident Response as well as a number of Building Recovery (BR) exercises throughout the year.

### **Controlling Access to Sensitive Information in GSA Systems**

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

determinations. Integration of cybersecurity with enterprise risk management has been improved by bringing the discussion of cyber risks to the Investment Review Board, a strategically focused board that centers on investment strategies and priorities for GSA, ensuring an enterprise approach to prioritizing investment decisions that mitigate cyber risks.

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

GSA IT implemented robust cyber security capabilities focused on data protection, secure access to sensitive information, and, monitoring and response. In FY 2020, GSA IT will continue to control access to sensitive information by:

- Continuing to participate in the Department of Homeland Security Continuous Diagnostics and Mitigation program. As part of the program, GSA will implement solutions and capabilities supporting the privilege management across the enterprise for all accounts that provide elevated privileges by the end of FY 2020.
- Ensuring that the enterprise infrastructure support contract has Service Level Agreements that meet critical cybersecurity requirements and metrics of the Agency and the Federal Government.
- Continuing to provide ongoing training to the cybersecurity stakeholders responsible for the implementation of key cyber security controls within GSA information systems. These topics shall be reviewed continuously based on the emerging threats to GSA information systems.
- Ensuring that contracting officers, contracting officer’s representatives (COR), and program managers validate that the appropriate cybersecurity language is included in all GSA IT contracts as outlined in GSA policy and procedures.
- Performing an analysis and developing a plan to implement data at rest encryption for all GSA information systems, including contractor-owned and -operated, that store, process, and transmit personally identifiable information and financial information.
- Securing GSA accounts and data in the cloud through implementation of GSA’s Cloud Access Security Broker solution.
- Securing GSA users and device end-points anywhere in the world from phishing, malware, and ransomware attacks through integration with an enterprise cloud security platform that provides visibility and blocking of malicious activity earlier in the cyber kill chain through DNS filtering.
- Analyzing and visualizing GSA’s security data in the enterprise logging platform to provide better insight into risks, threats, and operations.

Further, in FY 2020, GSA IT will implement the following mitigations and recommendations to address the findings and challenges from the FY 2018 annual FISMA review of GSA’s IT security program and any new FY 2019 FISMA audit recommendations:

- Perform review of system security plans (SSP) to ensure SSPs are documented in accordance with GSA requirements.

- Implement a standard, formal contractor deliverable review and acceptance process by the COR, information systems security officer, or information systems security manager used to monitor contractor or third-party compliance with GSA security requirements. GSA IT will provide training to relevant stakeholders on this new governance process to ensure consistent implementation.
- Implement checklists within GSA's Governance, Risk, and Compliance tool to aid with the tracking of periodic security deliverable submissions and related review of vulnerability and compliance scans. This will be further enhanced with the implementation of a centralized dashboard to provide cyber hygiene data across GSA FISMA systems with related system and agency risk scores.
- Review and enhance enterprise account management and recertification processes ensuring accounts are recertified annually and removed in a timely manner.

## CHALLENGE # 7: Securing the System for Award Management

### Agency Actions Completed or Planned

GSA closely manages security risks to our IT systems including the System for Award Management (SAM). In FY 2018, GSA implemented multiple new controls to deter fraudulent activity in SAM, including:

1. Implementing multi-factor authentication to log into SAM.gov. This requires a SAM user to be double-validated by a username and password and by entering a unique code sent to an electronic device associated with his or her user account during the login process.
2. Restricting access to the expired registration data migrated into SAM (in 2012) from the Central Contractor Registration system, which has never been activated in the system. This deters bad actors from using inactive registration information to impersonate a legitimate business.
3. Notifying the entity and the parent entity when the entity changes bank information in the registration. This reduces the risk of undetected financial information changes and misdirected payments. Parent approvals are also required if a child entity tries to register in SAM.
4. Partially masking sensitive data, for authenticated display to entities. This enhances the existing control (which prevents public display of sensitive data) by not displaying full sensitive fields even to users with roles at the entity, reducing the risk of exposing data should a bad actor gain access to a registration. SAM only displays the last four characters of the Marketing Partner Identification Number, Taxpayer Identification Number, ABA routing number, and bank account number for users with approved roles.

In FY 2019, GSA tested the controls implemented in FY 2018 and built on them. GSA commissioned a comprehensive third-party fraud and risk assessment of both legacy SAM and the [beta.SAM.gov](#) modernization effort. The assessment sought to identify existing web application vulnerabilities and business process flaws. Only minor issues were identified within the SAM application itself and these were addressed following GSA IT security policy. Several inherited risks were identified from an external interface. These were shared with the provider and addressed in a timely manner. GSA considers the use of the third-party assessment team essential to vigilant protection of data.

GSA's Integrated Award Environment (IAE) Program Office will introduce a new unique Entity ID, generated in SAM.gov, as the official identifier for doing business with the Government. The SAM-generated unique entity identifier will replace Data Universal Number System® numbers, which SAM uses to identify unique

entities and to control entity relationships and user permissions. A commercial source will provide validation of entity uniqueness and core entity data. The SAM-generated identifier will be assigned to the validated entity, allowing the Government, in the future, to competitively contract for entity validation services while avoiding the use of a proprietary identifier. The SAM-generated Unique Entity ID standard was developed by an interagency working group and published in the Federal Register on July 10, 2019. IAE began the development efforts to make this system change and are continuing to treat security as foundational, ensuring compliance with relevant GSA IT Security policies.

GSA and the SAM.gov program office take seriously the complaints of third parties that allegedly defraud SAM registrants. In order to address this issue, GSA has an active customer outreach campaign and provides no-cost assistance to any entities seeking to register or understand the registration process.

## **CHALLENGE # 8: Managing Human Capital Efficiently to Accomplish GSA's Mission**

### **Agency Actions Completed or Planned**

GSA agrees that management of human capital is critical to our continued success. As part of its enterprise risk management program, GSA surveyed its senior executives and GS-15 employees to assess categories of risk that could affect the agency's ability to achieve its mission in FY 2020, and human capital was confirmed as a top agency risk. To actively mitigate the challenges associated with managing the workforce, GSA is employing several strategies in this effort; including a renewed emphasis on workforce planning that is tailored to the specific needs of each organization.

In FY 2019, GSA continued implementation of its enterprise-wide workforce planning cycle. GSA conducted workforce assessments of each Service and Staff Office (SSO) to evaluate their progress in implementing the strategies outlined in their FY 2018 workforce action plans. In FY 2020, GSA is including workforce planning as a performance plan requirement for all Heads of SSOs. GSA will assess each organization's workforce planning maturity level using a maturity model and provide supporting tools and resources to help each organization progress to the next level.

In FY 2019, GSA established an enterprise-wide competency management program to build and manage competencies. GSA completed competency models for four job series and categories (2210, 1170, "Leadership," and "General"). GSA will continue to identify and build competency models for other critical job and role categories in FY 2020. As new competency models are developed, GSA will integrate them into human capital applications such as training plans and position descriptions.

GSA launched an enterprise succession management program in FY 2019 to identify key leadership positions and successors across SSOs. Succession management reduces risks associated with GSA's high retirement eligibility by indicating where gaps exist in skills and training. In FY 2020, OHRM is building on succession management work initiated in FY 2019 by identifying additional critical positions and roles, developing succession and retention strategies, and addressing knowledge transfer.

In support of effective hiring, OHRM implemented standard tools and processes to improve the speed and quality of hiring, resulting in a savings of 15 to 30 days from the hiring timeline. GSA also reestablished the Emerging Leaders Program in FY 2019, designed to provide rotational opportunities and professional development training to entry-level employees and to create a talent pipeline for the agency. GSA has participants in the Central Office program and throughout the regions. Resources to continue the program through at least FY 2022 were secured to encourage continuity. Options are being explored in FY 2020 to consolidate the program enterprise-wide to provide consistency in training and engagement activities.

## **CHALLENGE # 9: Safeguarding Federal Facilities and Providing a Secure Work Environment**

### **Agency Actions Completed or Planned**

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

### **Background Investigations and Tracking Contractors' Clearances**

In response to 2016 OIG audit findings, GSA established the ability to determine if departed contractors' GSA access cards were properly collected and destroyed within the GSA Credential and Identity Management System (GCIMS). Reports listing inactive personnel without a recorded GSA access card status were provided to Heads of Services and Staff Offices for updates.

In September 2019, the Office of Mission Assurance released the GCIMS Contract Dashboard. The dashboard replaces the previous process and allows a requesting official (RO) to view all contractors and contractor statuses assigned to them in one location. The tool displays inactive contractors and their GSA access card status, enabling ROs to easily identify outstanding cards. The data provided allows ROs to reach out to vendors to retrieve outstanding GSA access cards.

With the transition of contractor background investigations from FPS to the Office of Personnel Management, GSA obtained increased visibility into the adjudication process, enabling the agency to accurately capture all contractor background investigation statuses in GCIMS.

### **Unauthorized Access**

Over the last 2 years, GSA discontinued the use of facility access cards and updated the Physical Access Control Systems (PACS) in approximately 70 facilities across the Nation. GSA continues to invest in PACS, updating legacy systems to meet the requirements of the Office of Management and Budget and the Interagency Security Committee. At the present time, all 11 GSA Regions are moving forward with a phased approach for implementation of the GSA e-PACS. Contingent on funding, this effort should be completed in FY 2022. The access cards GSA currently produces for the Executive Branch are all HSPD-12 compliant.

### **Facility Security Assessments**

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