

GSA RESPONSES TO THE OFFICE OF INSPECTOR GENERAL'S MANAGEMENT CHALLENGES FOR FY 2019 (UNAUDITED)

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

AGENCY ACTION PLAN

GSA agrees that internal controls serve as the first line of defense in safeguarding assets. However, GSA strongly disagrees that the agency has pervasive internal control weaknesses. GSA's success in the financial audit has resulted in substantial reductions in findings from our independent public accountant (IPA) and no material weaknesses for the past 4 years. We value the insights provided by the OIG in their program audits and reports, and we take timely steps to implement corrective actions.

The GSA Administrator has made addressing audit recommendations an organizational priority, using individual performance plans to hold GSA senior management accountable for strengthening internal controls and improving audit results. In addition, GSA has active participation of senior leadership and the OIG in our internal control oversight team, the Management Control and Oversight Council (MCOC). No significant internal control challenges have been communicated to the MCOC by the OIG in these meetings or in the monthly meetings between the Inspector General, GSA Administrator, and Deputy Administrator. We remain committed and focused on developing a more effective internal control framework across GSA.

Over the last several years, GSA has worked to develop corrective action plans and has successfully implemented those plans to achieve a significant reduction in findings. GSA's notifications, findings, and recommendations (NFRs) received from its IPA were reduced to three significant deficiencies by FY 2017. In addition, GSA has not reported a material weakness since 2014, as noted in the table below:

**GSA IPA NFRs
FY 2014 - FY 2017**

Fiscal Year	Audit Opinion	Material Weaknesses	Significant Deficiencies	Non-Significant Deficiencies	Total
2014	Unmodified	2	37	12	51
2015	Unmodified	0	9	3	12*
2016	Unmodified	0	4	12	16
2017	Unmodified	0	3	7	10

* Beginning in FY 2015, the IPA consolidated similar findings, thereby reducing the total number of NFRs.

Out of the three significant deficiencies identified in the FY 2017 audit and highlighted by the OIG, two out of three significant deficiencies were closed by the IPA in FY 2018, based on their testing and assessment. GSA does not consider them an FY 2019 challenge. In FY 2017, GSA exceeded its apportionment for reimbursable activity and has completed a corrective action plan that led to the closing of this finding in FY 2018. In this instance, customer agencies had sufficient funds to authorize purchases by GSA, but the total amounts exceeded the business forecast that underpinned GSA's reimbursable apportionment. GSA is working with OMB to improve the business forecasting process and review the apportionment requirements for reimbursable authority. The FY 2017 audit by our IPA also identified select controls around systems access and backups as a significant deficiency and that will continue to be addressed by GSA in FY 2019.

Regarding internal controls for GSA programs and operations, GSA leadership established new audit oversight processes in FY 2018 that hold GSA leadership and management accountable for timely development and implementation of corrective actions. GSA initiated new tracking and data analysis tools to enhance existing processes, leading to improved audit results. These tools form the foundation for data analytics that will enable insight into agency-wide performance.

GSA has demonstrated a strong track record in FY 2018 of responding to OIG audits. Eleven of the 18 audits and memoranda noted by the OIG are closed or require no further work. Of the remaining seven, GSA expects to close five by February 2019 and two are waiting on a response from the OIG.

Corrective actions were previously implemented for the following items identified by the OIG:

- Regarding the FAS controls over compliance with emission standards in the Pacific Rim region, GSA informed the OIG in April 2018 that steps have been taken to prevent future instances of non-compliance and that all vehicles cited for non-compliance were replaced or otherwise found to be compliant as of July 2017.
- Under our CAP for the ESPC White Oak Audit Findings, currently being reviewed by the OIG, we have completed reviews of the modifications identified in the audit report for re-compete possibilities. In addition, we have instituted an internal review process of any new significant modifications through a Within Scope Determination review/concur process that includes: Office of Acquisition Leadership, Office of General Counsel, National ESPC Program Office, and the Head of Contracting Activity before action is taken. In addition, some training on the areas identified in our CAP have been provided, including Department of Energy, Federal Energy Management Program ESPC Training, and the Competition in Contracting Act. Other areas (like Other Than Full and Open competition contracts, Acquisition Plans, and Price Negotiation Memorandum) are under development for training of personnel prior to the end of calendar year 2018. We have also implemented the National ESPC Policy developed by the GSA Central Office to ensure adherence to all applicable Department of Energy policies.
- Regarding GSA's Computers for Learning (CFL) Program, the FAS Commissioner concurred with the findings on June 30, 2017, and informed the OIG that FAS is leading an interagency effort to improve the CFL program and ensure OIG's recommendations are fully implemented. GSA has completed all steps in the corrective action plan.
- While GSA met five of the six requirements of the Improper Payments Act, we did not meet the .025 percent improper payment target established for the Rental of Space Program in FY 2017. We expect to be fully compliant with the FY 2018 target and do not view this as an FY 2019 challenge. In FY 2018, GSA's proper payment rate for GSA's Rental of Space program was 99.71 percent. Also, OMB has approved our request for relief from improper payment reporting for the Purchase Card Program, as a result of being compliant with the Act for this program for the past 3 years. Therefore, we do not consider purchase card testing or reporting an FY 2019 challenge. A copy of OMB's approval was forwarded to GSA OIG on October 2, 2018.

In conclusion, GSA is committed to strengthening all financial, operational, and programmatic internal controls, and we take all audit findings seriously. GSA aggressively manages its corrective action plans and holds its executives

accountable for execution of the plans. We are committed to working with the Inspector General to increase mutual communication about our performance on all audits and identify any control weaknesses that warrant GSA-wide attention.

CHALLENGE #2: Enhancing Government Procurement

Supporting the Acquisition Gateway

AGENCY ACTION PLAN - Acquisition Gateway

Launched in 2014, the Acquisition Gateway platform evolved from an initial focus on category management to addressing the shortcomings of agency contract writing and management systems. This fills a critical need of the acquisition workforce where FAS is uniquely positioned to create value within the scope of its mission while simultaneously deferring the investment in the platform. This is accomplished through the influenced value gained from access to its solutions and from investment by federal agencies in content and tools.

GSA agreed with the FY 2017 Management Challenge concerns regarding measuring Gateway success based on usage-based metrics such as the total number of users, and additional emphasis was placed on measuring return users as recommended. For example, from September 2017 to September 2018, the Gateway experienced a 27.6 percent increase in 90-day user return rate. At the same time, FAS enhanced its capabilities to track user journeys through the platform and experimented with goals-based measurements of success using advanced analytics to measure desired outcomes of the partner agencies and organizations contributing content and tools to the platform. One initial candidate has been the FAS Policy Library built on the platform in partnership with FAS's Office of Policy and Compliance. Since launch, 129 users have visited the library and 49 of those have viewed two or more policy documents. Once baseline data is collected, targets could be selected for these measures or other related data as determined by the content owner.

Also, FAS carefully considered investment levels relative to potential returns as part of its duty to efficiently steward revolving funds accounts. The Gateway program is currently managed by 7 FTE and the yearly budget has been reduced by over two-thirds since FY 2017. In FY 2018, the Gateway generated in excess of \$1 million in cost avoidance/savings from the reusable components inherent to the platform and influenced an estimated \$1 billion of government acquisition spend. The inherent and influenced value of the platform will be measures of success in FY 2019.

In combination with FAS Customer Relationship Management tools, it is possible to develop analyses demonstrating clear correlations between Gateway usage and agency spend on governmentwide vehicles, including those designated Best in Class (BIC) by the OMB. Additionally, other agencies, including the Department of Defense's Service Reform Team, have entrusted FAS with additional funding to build modern and efficient tools for their workforce on the Gateway platform to avoid costs associated with running duplicative IT platforms and establishing user bases.

Providing users unbiased information and best practices while facilitating access to FAS's governmentwide solutions represent complementary, not competing priorities. Several agencies, including the Departments of Justice and Treasury, have chosen the platform to host their policy and compliance content due to low resource investment and ease of reaching their workforce. The Gateway also serves as the home of the Office of Federal Procurement Policy's Acquisition Innovation Hub. Concurrently, governmentwide and BIC solutions from all potential government sources are easily available, including FAS. By design, clear indicators separate educational content from editorial and promotional materials. This is similar to how many information sources, including periodicals and other mass media, contain broad arrays of content to meet the needs of the information consumer while simultaneously supporting revenue generation.

Transforming the Multiple Award Schedules Program

Consolidated Schedules

AGENCY ACTION PLAN - Consolidated Schedules

GSA kicked off the MAS Reform initiative in FY 2018, completing a detailed discovery phase to better understand the Schedules vehicle, including business trends. This included research related to previous attempts to consolidate portions of the Schedules program (including the Professional Services Schedule consolidation and associated management findings from OIG), conversations about the strengths of the Schedules program, what can be improved upon, and the associated risks. GSA has leveraged existing resources by utilizing a cross functional and integrated project team that includes subject matter experts from the acquisition workforce, systems architecture, finance, policy, customer and stakeholder engagement, and many other disciplines. This has allowed the acquisition workforce to participate and use industry days to have conversations and gain buy-in. GSA has been working closely with multiple members of the systems teams to identify various ways to utilize the current systems with minimal costs to promote consolidation.

At this time, GSA does not foresee any legislative changes necessary to consolidate Schedules. GSA is considering the impact that regulatory and internal acquisition policy changes would have on a Schedules consolidation effort.

With several strategic initiatives occurring simultaneously, FAS understands the need for cross-portfolio integration, communication, and transparency so the workforce has an understanding of each initiative and their implementation objectives. To coordinate these efforts, FAS has dedicated a team to serve as an overarching integrator of the federal marketplace strategy. The integration is designed to ensure the workforce, customers, and industry are kept aware of and have opportunities to participate in meeting the goals of this multi-year effort.

Transactional Data Reporting

AGENCY ACTION PLAN - Transactional Data Report

FAS and OGP reviewed the findings issued in the Transactional Data Report Pilot Evaluation Plan and Metrics Report (Report Number A140143/Q/T/P18004). On June 22, 2018, FAS and OGP provided detailed comments to the GSA Office of Inspector General (OIG), Office of Audits regarding the content of the report and recommendations included in the Report. On September 18, 2018, FAS and OGP submitted a CAP to OIG. On October 18, 2018, OIG confirmed that the CAP was responsive to the recommendations. FAS and OGP are committed to continue working with and considering input from all stakeholders in implementing the Transactional Data Reporting pilot.

Contract Awarded Labor Category Tool and the Replacement for the Formatted Product Tool

AGENCY ACTION PLAN - Contract Awarded Labor Category Tool and the Replacement for the Formatted Product Tool

GSA takes seriously its commitment to serve as a responsible steward of taxpayer dollars and to provide contracting officials with the policies, tools, data, and materials to award and manage contract vehicles that allow the Federal Government to achieve mission success. To achieve this, GSA appreciates that the tools must be reliable and user-friendly, as well as support regulatory guidance and, as appropriate, address the needs of vendors, GSA contracting officials, and federal buyers.

The Contract Awarded Labor Category (CALC) tool was built to augment search capabilities on GSA Advantage! and GSA e-Library to quickly and easily visualize labor category priced Schedules data. The tool provides basic pricing intelligence functions, certification and license information (where required and available), security clearance information, and keyword search capabilities. The tool is primarily used by customer agencies to conduct market

research about companies who provide services under GSA Schedules contracts, the labor categories and rates are included in those contracts, and as one of the data points in developing estimates for task orders that will be competed under GSA Schedules. In contrast, GSA Schedules contracting officers use the tool as one part of their price analyses when awarding new Schedules contracts with labor category services and exercising options to extend the term of the contract modifications. In FY 2019, the tool will be evaluated as part of a larger effort to rationalize pricing tools being utilized across the organization. Future enhancements to CALC will be evaluated after this work is completed.

The Formatted Product Tool (FPT) was developed to be an enhancement to the existing eOffer/eMod tool used by the vendors to submit Schedules contract offers and modifications to the GSA contracting officials. The intent of the FPT enhancements was to provide an electronic tool that could help vendors and GSA contracting officials alike in important pricing and supply chain activities such as consistently identifying and displaying like or identical products, analyzing current pricing on existing Schedules as well as providing some commercial pricing context. As GSA recognized the need to provide better access to this type of data, a data analytics capability, 4P, was simultaneously developed. The 4P capability uses manual pulls of data from existing capabilities, runs analytical analyses, and provides the intelligence to the GSA contracting officials. However, 4P is not integrated into the legacy eOffer/eMod system. FPT was rolled out per the implementation plan to a small set of vendors in the Mid-Atlantic region's acquisition center. The subset was selected to test the capabilities with a discreet group of trained contracting officials and vendors. After approximately three quarters, GSA determined that FPT was not ready to be rolled out to the broader Schedules population. The business and data rules developed for FPT and for 4P, as well as the experience in design capabilities, will be incorporated into the upcoming initiatives for an FAS enterprise contracting writing system and catalog management tools.

GSA Advantage!

AGENCY ACTION PLAN - GSA Advantage!

GSA is continuously refining GSA Advantage! to improve functionality and content to meet the Federal community's procurement needs, offer commercial vendors access to the Federal market, and continue to be a secure technology platform for all stakeholders. GSA has taken positive actions to solicit input from customer and vendor stakeholders to guide improvement efforts for GSA Advantage!.

For the first time, GSA's annual Customer Loyalty Survey included a stand-alone survey for GSA Advantage!. We solicited customer input on many aspects of the site's user experience and received over 4,700 responses. GSA is now developing action plans to address the main customer pain points identified in the feedback. GSA invited representatives from several large customer agencies (Veterans Affairs, Army, Navy, Marine Corps, and Homeland Security) to a newly established GSA Advantage Customer Advisory Group. The advisory group convenes quarterly to offer a forum for customers to discuss experiences with GSA Advantage! and for GSA to provide updates on key system changes. We are using feedback gained from the forum to inform and prioritize our improvement plan for GSA Advantage!.

In FY 2019, GSA plans to launch a transactional survey to ask customers for input on user experience as they complete their shopping sessions. The data collected will be used to inform and help prioritize investment decisions regarding the enhancement of GSA Advantage!.

We have completed or are in the process of developing several enhancements to GSA Advantage! to improve customer experience. We are also aware that minimum buying requirements are inconvenient for customers using GSA Advantage!. Many of the vendors displaying products on GSA Advantage! have these minimum requirements as a commercial term and condition of their Schedule contract, which carries forward for display on GSA Advantage!. To reduce the level of dissatisfaction, we are developing a solution to organize search results and product details to help customers quickly identify desired products that are not subject to minimums on GSA Advantage!. In addition, GSA is developing contracting approaches to reduce the incidence of minimum buying requirements on the underlying Schedules and GSA Global Supply contracts.

GSA upgraded a self-help website application, Ask GSA, to allow Advantage and other customers to research and track order status, report a problem, or request information from GSA online, 24 hours a day. To further improve order status availability and accuracy, GSA's contracting officers have developed contract conditions to encourage more vendors to utilize Electronic Data Interchange to provide better order status and visibility for customers.

GSA has deployed other features to keep pace with current technology and e-commerce practices. We developed an "automatic parked cart" feature, allowing customers to add products to a virtual shopping cart prior to completing a purchase, ensuring they can save products to purchase across multiple shopping sessions.

Based on customer feedback, GSA Advantage! now includes suggestive purchasing (e.g., "Customers who bought A also bought B.") that recommends related products to customers based on prior sales and search data. This functionality allows customers to quickly find related products based on the search terms entered.

We are also working to ensure GSA Advantage! is a secure platform for its customers. GSA is adding multi-factor authentication for GSA Advantage! external e-commerce applications, GSA Advantage!, and eBuy. We are committed to managing supply chain risks that could impact national security and have removed from GSA Advantage! syndicated content referencing products prohibited by legislation and regulation.

GSA is increasing its collaboration with GSA Advantage! customers and has implemented changes in the Advantage e-commerce platform to reflect the feedback we have received. This trend will continue in FY 2019.

Implementing Procurement Through Commercial E-commerce Portals

AGENCY ACTION PLAN - Implementing Procurement Through Commercial E-commerce Portals

The FY2018 National Defense Authorization Act (NDAA) outlines implementation of commercial platforms over multiple years across 3+ phases:

- Phase 1: (90 days) Implementation plan;
- Phase 2: (90 days + 1 year) Market Research and Consultation;
- Phase 3: (90 days + 2 years) Implementation Guidance; and,
- Phase 4: (TBD) Additional implementation phases.

GSA and the OMB announced completion of Phase I in March 2018, which included an initial implementation plan with policy recommendations. As part of Phase I, GSA recommended legislative changes the agency views as optimal to begin the implementation of purchasing through e-commerce portals. The FY 2019 NDAA was signed on August 13, 2018, and contained the competition provision that grants GSA the ability to develop ordering procedures deemed compliant with the Competition in Contracting Act. However, our recommendation to increase the micro-purchase threshold to \$25,000 for purchases through the GSA-approved commercial e-commerce portals was not part of the final legislation. In accordance with the legislation, Phase II required market research to inform a path forward.

Phase II (FY 2018/FY 2019) allocates a significant amount of time for market research and consultation with stakeholders across industry and government to learn more about their procurement needs and the role of e-commerce portals. As part of Phase II, a second report is due to Congress in March 2019. Since the submission of the Phase I report, the team has focused on market research with industry, customer agencies, understanding commercial practices, determining policy impacts, and assessing the impact to existing programs. These findings will be part of the Phase II report.

GSA seeks to maintain the balance between existing government buying regulations and commercial buying practices. Over the last year, stakeholder engagement has been a focal point in order to gain an understanding of standard business-to-business e-commerce practices. It has also been an opportunity to collaborate with our agency partners to understand what rules are truly needed and important to the buying process. Our recommendations to date represent a balanced approach to meeting Congress's direction to follow all commercial terms and conditions while also adhering to existing procurement rules and regulations.

On the basis of research to date, exploring a proof of concept in late 2019 will allow GSA to test the balanced approach in a controlled and structured environment, to include assessing the impacts to pricing and competition. The proof of concept will address in a smaller segment of the federal market limited risk and allow us to test acquisition reform concepts on a smaller scale before any long-term decisions are made. This proof of concept allows GSA to be innovative in its approach and to use the results to bring the federal marketplace more in alignment with a commercial model, including customary terms and conditions. It becomes a means of testing and proving the opportunity for simplification in acquisition.

GSA recognizes the risk of potential programmatic duplication, but also sees potential significant new benefits associated with reducing administrative cost and increasing speed. This program has the potential to, for the first time, introduce competition into the world of micro-purchases. Competition is at the heart of the Section 846 effort, and GSA is committed to creating a dynamic, highly competitive environment through partnerships with multiple commercial e-commerce providers. Additionally, Section 838 of the FY 2019 NDAA further emphasizes the need for competition at the order level, which GSA will address in its ordering procedures. Through the proof of concept, GSA will begin to demonstrate, on a small scale, the benefits of this competitive environment in the form of faster buys, reduced program costs, and the shifting of activities from the acquisition workforce to the program offices. The proof of concept also creates the potential for agencies to gain direct access to their spend data. While harvesting the power of spend data may take time, it will ultimately provide new insights on compliance with micro-purchase requirements and may even be useful in crafting smarter buying strategies.

With several strategic initiatives occurring simultaneously, FAS understands the need for cross-portfolio integration, communication, and transparency so that the workforce has an understanding of each initiative and implementation objective. To coordinate these efforts, FAS has dedicated a team to serve as the overarching integrator of the federal marketplace strategy. The integration is designed to ensure the workforce, customers, and industry are kept aware of and participate in the goals and progress of the end-state improvements of this multi-year effort.

Leading the Transition to Enterprise Infrastructure Solutions Contract

AGENCY ACTION PLAN - Leading the Transition to 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 (security, IT acquisition policy, etc.). 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 the 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 2020 expiration of many of the legacy contracts.

Agency transition delays reflect the governmentwide and market-wide nature of these challenges as opposed to isolated agency performance or GSA program management challenges. As cloud computing, software-defined networking, and mobile technology continue to blur the lines between traditional IT infrastructure and networking infrastructure, increased collaboration from all stakeholders is required to define modernization objectives, identify and share transition best practices, and meet the expectations of taxpayers.

The departure from the full service telecommunications delivery model reflects the need for modernization and greater compliance with statutes like FITARA and acquisition guidance. The telecom industry is considering eliminating legacy infrastructure components as early as December 2023. At the same time, Federal budget cycles limit agencies from moving away from this legacy infrastructure quickly. A five-year plan should be adequate for agencies to modernize their infrastructure in line with industry plans and move away from GSA-provided services to centralized management of the infrastructure under the Agency CIO.

GSA's Action Plan to Lead EIS Transition addresses the challenges above and has the following components:

1. **Agency Collaboration at Strategic and Tactical Levels:** This includes continued transition support activities to help agencies inventory their infrastructure, develop solicitations, and share best practices regarding solicitation, evaluation, award, implementation, and ongoing management. Over the last 10+ months, GSA has deployed several contractor and internal resources with agencies via its Transition Ordering Assistance (TOA) contract to support EIS transition and also reviews the agency solicitation deliverables for scope and modernization measures. These TOA experts identified best practices in emerging technology such as Software Defined Networking, Zero Trust Networking, and unified communications to transform agency operations. GSA's Transition Coordination Center (TCC) is also an enabler for agencies by providing the raw materials of inventory, structured process/tools (e.g., EIS Fair Opportunity Ordering Guide), and project plan templates/metrics to provide further assistance in their solicitation development. The TCC has also delivered multiple workshops and webinars regarding inventory collection, unified communication, and enterprise solicitation risk management.

A critical agency milestone that remains is to release all solicitations by March 31, 2019. GSA will continue to administer an EIS advisory body called the Infrastructure Advisory Group, which consists of large agency representatives and is co-chaired by a cabinet level CIO. GSA hosts these forums for the purpose of addressing agency concerns and accelerating the identification of successes.

2. **Industry Collaboration:** EIS success requires collaboration and transparency between all industry, agency, and GSA stakeholders. Since the EIS awards, GSA has promoted these attributes via its Interact site, industry events, and collaborative outreach. GSA's action plan will build on the openness and transparency with continued Quarterly Program Management Reviews with individual contractors and bi-annual PMRs with all contractors to ensure that tactical direction and strategic guidance (e.g., OMB/Federal CIO) are understood on a level playing field.

The first major milestone with industry was the completion of all Business Support Systems testing and the bi-annual PMR. An additional example of partnership and GSA's commitment to industry collaboration is the attainment of their FISMA Authority to Operate (ATO) at the moderate level. This milestone is required for any EIS contractor to receive a task order award and begin delivery of services. GSA has formed an ATO Tiger Team whose sole purpose is to assist each contractor in obtaining their ATO in the most expeditious manner possible.

3. **Small Agency Support:** As chartered in the President's Report on IT Modernization, GSA looks to address small agencies lack of acquisition resources and technical expertise to bring best practices and scale in the

acquisition of networking services historically purchased through GSA contracts. GSA will offer Assisted Acquisition Services support with two options to small agencies. One option will offer GSA to award the task order on behalf of the agency and then transfer the awarded task order back to the small agency for administration through close-out. The second option is for GSA to award and administer the task order on behalf of a small agency as a cradle-to-grave assisted acquisition for those agencies unable to administer the task orders themselves. A performance-based acquisition approach will be utilized to maximize industry expertise and to obtain the best technical solution. Industry will be involved early and throughout the process via an Industry day and Pre-Solicitation conference. It is anticipated that GSA will also release a draft RFP in order to partner with and collect feedback from industry.

4. **Governmentwide Tools and Forums to Address Governmentwide Problems:** Governmentwide Tools and Forums to Address Governmentwide Problems: GSA Conexus and the EIS Pricer that will come online in FY 2019 will enable automated ordering, provisioning, market pricing, and other management functions needed to oversee purchase, implementation, and management of modern government networks. Although not yet launched, these tools build on the success of the Networx program and already enabled EIS to be designated BIC due to its use of proven transactional data collection and analysis tools and processes.

Building on its successful FY 2019 EIS Industry Partner Day and October 4 EIS Contractor PMR, GSA will host events in FY 2019 to further stimulate the market and ensure that sufficient collaboration exists to drive modernization while increasing value to taxpayers. GSA will listen to agency EIS transition managers to develop the agenda and content for these forums, the first of which is anticipated in Q2 FY 2019.

Delivering the System for Award Management

AGENCY ACTION PLAN - Delivering the System for Award Management

The Integrated Award Environment (IAE) Program Management Office (PMO) in GSA continues to focus on product delivery in the System for Award Management (SAM) modernization effort. The first release of beta.sam.gov was delivered in FY 2017, providing users with the ability to search and view public IAE data from one user interface. In FY 2018, GSA transitioned the Catalog for Federal Domestic Assistance to beta.sam.gov and decommissioned the legacy system, consolidated the Contractor Performance Assessment Reporting System (CPARS) and Past Performance Information Retrieval System (PPIRS), and completed technical pre-modernization for the Federal Procurement Data System (FPDS). In FY 2019, GSA will decommission PPIRS, transition Federal Business Opportunities to beta.sam.gov and decommission the legacy system, complete technical pre-modernization for the legacy SAM, migrate both FPDS and SAM to a cloud environment, and complete the FPDS and SAM integration development work into beta.sam.gov to present the legacy systems as candidates for retirement. This sets the stage to launch the new SAM.gov in Q1 FY 2020 and decommission both legacy FPDS and SAM. Our product delivery is monitored continuously by senior GSA management and the IAE governing bodies (OMB, ACE, PCE, FACE, and the IAE CCB). In addition, the GSA OIG team continues to formally monitor the modernization effort (to include cost, schedule, performance, as well as any current technical issues) on a bi-monthly basis.

Dedicated to increasing protection of users and data in FY 2019, GSA will build on the preventative measures and enhanced controls implemented in SAM.gov during FY 2018. GSA continues to actively support the investigative arm of GSA OIG, take action against bad actors, and update SAM.gov functionality to reduce future fraudulent activity. The partnership with GSA's Login.gov team and the GSA OIG investigators is strong. GSA has seen shifts in behavior based on enhanced controls already emplaced and is collaborating on further deterrents. Ongoing SAM.gov work includes modifications to the approach for sharing public data such as reducing the frequency of SAM public data extract publication (from daily to once a month) and removing from public availability any incomplete SAM entity registration data. These two modifications complement additional Application Program Interface (API) controls deployed in FY 2018. GSA believes the additional investment in this area is justified and is planning now for the work so as not to impact or delay the overall modernization schedule.

In FY 2019, GSA plans to competitively award an entity validation services contract that will reduce burden on users, increase operational flexibility, and foster predictable transitions. The government intends to transition to a government-owned and - managed unique entity identifier supported by these entity validation services. GSA received proposals on October 12, 2018, in response to the Request for Proposal (RFP). Award is expected to take place in December 2018. GSA is prepared to complete the SAM.gov system development necessary to transition to the new unique entity identifier and supporting entity validation services in FY 2020. This procurement is part of an overall approach to improve SAM entity registration by consolidating all functions within the boundaries of SAM.gov.

CHALLENGE #3: Maximizing the Performance of GSA's Real Property Inventory

Reducing and Consolidating Space

AGENCY ACTION PLAN - Reducing and Consolidating Space

GSA is leading efforts to improve asset utilization, reduce agency space requirements, effectively manage real property, and reduce our reliance on leased space to save money for the American taxpayer. GSA is helping agencies develop and implement aggressive space reductions while meeting their mission needs.

Since FY 2014, GSA has helped agencies reduce their space by over eight million square feet. In FY 2018 alone, GSA reduced its leased and Federally owned inventory by just over three million square feet.

GSA reduces space, vacancy, and costs through consolidations, co-locations, and disposition opportunities. In developing asset and investment strategies, GSA balances customer need, market dynamics, asset financial performance, asset condition, and value to the taxpayer. Specifically, PBS uses portfolio planning tools and processes, such as the integrated portfolio planning process, national customer strategy and success plans, asset segmentation, and asset repositioning tools. GSA also actively pursues savings on large dollar leases by reducing space, negotiating below market and setting longer firm term leases. Additionally, GSA has implemented a new requirements gathering process to allow sufficient time to develop cost-efficient housing plans, decrease vacant space, and limit extensions and holdovers. GSA will continue its efforts to review agency Reduce the Footprint plans for long-term real estate planning.

GSA tracks financial performance, cumulative reinvestment needs, fair market value, and the functional replacement value of its assets to develop strategies for every asset in the portfolio. While GSA strives to apply this comprehensive portfolio strategy to help make important decisions about reinvestment and consolidation opportunities, GSA is limited to appropriated funding, which is not enough to carry out all necessary Federal real property reinvestment needs. While GSA takes pride in the comprehensive analysis performed to help guide its portfolio strategy, limitations such as these also factor into the final portfolio decisions. Greater access to move and replication funding to support customer agency moves will help GSA deliver more consolidation projects, resulting in greater savings to the taxpayer.

The \$20 million in consolidation funding PBS received in FY 2018 supported four consolidation projects. When complete, GSA's customers will save \$6 million in annual rental payments, reduce their footprint by approximately 95,000 usable square feet, and save the taxpayer approximately \$4 million in private sector lease payments. In FY 2016 and FY 2017, GSA funded projects to reduce customer annual rental payments by \$28 million and annual lease costs avoidance of \$360 million with consolidation funding. GSA works with customers to optimize space, repurpose or dispose of under-utilized buildings, backfill vacant space, and develop investment strategies based on rigorous evaluation criteria.

Regarding vacant space reporting, GSA's vacancy rate of three percent is significantly lower than the industry average. GSA is planning to amend its internal process to allow agencies to self-report underutilized space in

non-cancellable Occupancy Agreements; however, this change will not materially impact PBS's vacancy rate. Once reported as under-utilized and no longer needed, GSA will begin the process of marketing viable space to other agencies. This will involve a non-cancellable occupancy agreement policy change, revised standard operating procedures, training to impacted employees, and communication to customers announcing the change in FY 2019.

GSA works with its customers to better understand their housing needs, while developing asset investment strategies that improve the condition of the Federal portfolio and maximizes utilization to save money for the taxpayer.

Disposing Federal Property

AGENCY ACTION PLAN - Disposing Federal Property

Since FY 2016, GSA has met its disposal target by reducing the overall government footprint by 10.1 million square feet. In FY 2017 alone, GSA disposed of 123 assets governmentwide generating over \$115 million in gross proceeds and resulting in a reduction of almost three million square feet. GSA made important strides during FY 2018 in rightsizing the Federal footprint and in developing strong partnerships to pave the way for greater success in the years to come. In FY 2018, GSA disposed of 140 assets governmentwide and generated over \$123 million in proceeds. These disposals resulted in a reduction of 4,918,160 square feet and 2,735 acres from the Federal footprint.

With respect to the Lakewood land disposal, this property's disposal action is on hold as it is subject to litigation brought by a nonprofit organization that provides services to the homeless. The organization is questioning the review of its application by the U.S. Department of Health and Human Services to acquire this property under a no-cost conveyance. With regard to the Federal Assets Sale and Transfer Act of 2016, GSA is awaiting the finalization of the board required under the statute.

Reducing Leasing Costs

AGENCY ACTION PLAN - Reducing Leasing Costs

GSA has taken steps to reduce its overall lease costs, the amount of leased space occupied, and the number of leases in holdover or short-term extension status. Despite taking on new leasing requirements, as agencies with independent statutory authority turn to GSA to fulfill their leasing requirements (e.g., Veterans Administration and Security and Exchange Commission) and requirements that had been previously met through delegation of authority are returned, GSA's Rental of Space budget has stabilized over the past four years.

Fiscal Year	Rentable Square Feet Leased ¹ (in millions)	Rental of Space Budget ² (in thousands)
FY 2013	194.9	\$5,210,198
FY 2014	193.4	\$5,387,109
FY 2015	190.8	\$5,666,348
FY 2016	187.9	\$5,579,055
FY 2017	190.4	\$5,628,363
FY 2018	187.6	\$5,590,141
FY 2019 (Requested)	TBD	\$5,430,345

¹ PBS State of the Portfolio 2015-2019 and PBS External Lease Inventory

² GSA Congressional Justifications 2015-2019

To continue to focus on lowering lease costs, in FY 2018 GSA implemented its Lease Cost Avoidance Plan. This plan reduces GSA lease costs by lowering agency space requirements through innovative workplace strategies, negotiating lower lease rates, executing better lease terms, maximizing the backfill of vacant Federal space, leveraging online leasing tools (such as the Automated Advanced Acquisition Platform [AAAP]), and using the GSA Leasing Support Service Contract (GLS) more effectively.

The key to achieving this plan is replacing expiring leases, specifically the largest expiring leases in the GSA portfolio, in a timely fashion at reduced square footages and below market rates. Replacing leases timely begins with gathering client agency requirements earlier. To that end, GSA issued a policy directing the gathering of client agency requirements 12 months sooner (24 months sooner in the case of prospectus level projects). Agency requirements gathering begins 36 months before expiration or 60 months prior to expiration for a prospectus level project. Timely gathering of requirements for expiring leases is a PBS measure that is tracked monthly at the senior leadership level.

Timely replacing leases results in fewer holdovers and extensions. GSA ended FY 2018 with fewer leases in holdover than at the end of FY 2017. At the end of FY 2018, 58 leases (0.7 percent of the inventory) were in holdover status, as compared to 74 (0.9 percent) at the end of FY 2017. GSA tracks and monitors its holdovers monthly.

GSA strives to negotiate leases at below market rates. In FY 2018, the aggregate dollars of GSA-negotiated lease transactions were five percent below market costs for comparable leases, a cost avoidance of \$120.7 million over the term of the lease.

As GSA replaces these expiring leases, it is focused on executing leases with better lease terms. Longer lease terms, where appropriate, reduce lease costs by decreasing the risk of the lease to the financing community, which results in better rates for the Government. Both the full and firm term of GSA leases have continued to increase in the past fiscal years. In FY 2015, 20 percent of leases executed in that fiscal year had a firm term of 10 years or greater; in FY 2018, 35 percent of leases had a firm term of 10 years or greater.

Finally in FY 2018, GSA increased the use of its workforce multiplier tools: AAAP and GLS. Maximizing the use of these tools enables GSA to replace more leases in a given fiscal year, reducing holdovers, extensions, and lease costs. In FY 2018, GSA increased the number of leases awarded using the AAAP by 140 percent. In FY 2018, 308 leases were awarded in AAAP. Additionally, in FY 2018, GSA increased the number of lease acquisition projects utilizing our broker partners by 61 percent. In FY 2018, 378 projects utilized the GLS contract. GSA will continue to maximize the use of these tools in FY 2019 through its performance metrics.

Administration of Leases

AGENCY ACTION PLAN - Administration of Leases

GSA has taken steps to improve the lease management program, strengthen communication between stakeholders, and enhance its internal electronic enterprise tools to increase efficiency.

In FY 2017, GSA established the National Lease Occupancy Oversight Review Team and developed a regional self-assessment process for Contracting Officer Representative (COR) Lease Administration in accordance with the PBS Lease Management Desk Guide (LMDG) and other applicable PBS policy and guidance. In FY 2018, each GSA region performed the program self-assessment. GSA assigned each Region to review 25 lease COR files for a total of 275 lease files. The criteria used to select the lease pool included a variety of CORs, a wide geographic area, a broad range of lease effective or expiration dates, and leases with assorted rentable square footage. The self-assessment contained 37 questions regarding proper documentation, including, but not limited to, lease inspections, disseminating inspection results, inspection follow-up, the cure process, and other required

documentation in accordance with current PBS guidance.

Each Region compiled a narrative findings report and corrective action plan, which GSA combined into a national findings report and corrective action plan. GSA communicated the findings and plan to leadership, management, and personnel responsible for oversight of the lease management program. The national corrective action plan includes, but is not limited to:

- Strengthening communication between business lines and partnering, whereby each Region submitted a joint communication plan in August 2018;
- Soliciting management support in reinforcing the use of the LMDG, the Lease Management Tool (LMT), the GSA Real Estate Exchange application, and other applicable e-tools;
- Delivering a “Leasing Lite Learning” session to communicate the findings and corrective action plan, and promote improved communication using regional communication plans from the leasing and lease management community;
- Updating the Lease Acquisition Training to promote the involvement of the Lease Administration Manager or COR in the acquisition process;
- Updating the 2014 Lease Management Program Training;
- Completing LMT enhancements to implement a revised Lease Inspection Form 500 and the form's offline capability; and
- Requesting e-tool workflow and automation enhancements, which include:
 - Requesting to automate COR letters;
 - Requesting to automate the net lease service contract procedures to include Occupancy Agreement updates; and
 - Automating Overtime Utility procedures and checklist.

PBS Lease Administration has been incorporated into the agency-wide FY 2019 Procurement Management Review under the Office of Government-wide Policy oversight.

Meeting the Operations and Maintenance Needs of Federal Buildings

AGENCY ACTION PLAN - Meeting the Operations and Maintenance Needs of Federal Buildings

GSA's approach to delivering safe, reliable, and functional work environments is focused on the optimization of the GSA operation and maintenance program to mitigate the inherent risk associated with sustained cost reduction efforts.

GSA has taken steps to enhance program oversight and compliance through GSA's agency-wide maintenance management system (ensuring maintenance accomplishment and service delivery) and transactional customer feedback. The current satisfaction is rated a 4.3 out of 5. To ensure consistent delivery of services across its portfolio, GSA revised the Management Analysis Review System (MARS) to be completed and implemented in FY 2019. In seeking to increase transparency of operation and maintenance expenditures at a granular level, tableau monthly reports are posted on Data to Decisions (D2D). To ensure costs associated with above standard services are recovered, GSA has reviewed over 4,000 FY 2019 overtime utility estimates for accuracy, resulting

in an additional \$1.2 million to be collected. GSA continues to strengthen controls to ensure accurate coding of transactions. There are ongoing efforts to institutionalize approaches and tactics that have proven successful through networking and sharing of best practices, including monthly meetings with Facilities Management and Service Centers communities to share information and best practices.

Seeking to leverage acquisition strategies from a portfolio-wide perspective, GSA is promoting the use of FAS O3FAC schedules. Finally, GSA is making efforts to strengthen vendor alliances through a partnering initiative and working closely with AbilityOne and SourceAmerica. GSA agrees with the IG's statement: "The risk that reduced levels of building operations and maintenance could lead to increased costs is especially problematic since the identified repair needs of PBS's building portfolio are already high and growing." One of the Office of Facilities Management's strategic initiatives for FY 2019 is to begin implementation of a five-year plan to gain efficiencies by optimally utilizing acquisition tools and strategies, including aggregation of requirements, while not impacting services. Deferring required annual preventive maintenance is not an acceptable cost reduction strategy.

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

AGENCY ACTION PLAN - Ensuring Effective Management of Energy Savings Performance Contracts and Utility Energy Service Contracts

GSA appreciates process improvement recommendations ensuring effective management of energy savings performance contracts (ESPC) and utility energy service contracts (UESC). Various efforts have been implemented to address these challenges.

With regard to ESPC oversight, GSA has implemented a new Portfolio Review Process to monitor the extent to which ESPC projects are achieving expected savings at both the portfolio and individual levels.

With regard to ESPC Standardization and Process Improvements, GSA has instituted a policy of procuring all new large/complex ESPCs through use of the U.S. Department of Energy (DOE) ESPC Indefinite Delivery/Indefinite Quantity (IDIQ) contracts. The procurement of large/complex ESPCs is now only being performed by the central office ESPC Program Management Office (PMO). Centralized procurement provides GSA the means to standardize contract terms and incorporate ESPC best practices and lessons learned. In rare cases, a region may desire to use a contracting vehicle other than the DOE IDIQ. In these circumstances, the region must provide the centralized ESPC PMO a written justification explaining why it is in the Government's best interest to use a different contract vehicle. If the justification is approved, the acquisition plan for the contract must include a review and approval by the Head of the Contracting Activity. All stand-alone ESPC contracts must include an approved Measurement and Verification (M&V) as part of the contract award.

In addressing ESPC compliance, GSA provided ESPC training to GSA Regions in February 2018. A guidance document entitled, "Operational Guidance and Instructions Outlining Roles, Responsibilities, Administration and Reporting Requirements for Energy Savings Performance Contract (ESPCs)" was provided to regional personnel in January 2018. This guidance addresses building "Hold Status."

With regard to addressing pricing risk, in accordance with DOE contract procedures, ESCO selection is based upon a qualifications competition. To help ensure reasonable pricing at the time of task order award, the selection criteria has been adjusted by GSA to include price components for key cost drivers. To address performance risk the ESPC Portfolio Review Plan process provides program level visibility of government actions and market conditions that pose a risk to achieving the guaranteed energy savings on individual ESPC contracts. In addition, newly procured ESPC contracts include use of DOE Measurement & Verification Guidelines v4.0, which requires ESCOs to document and explain adjustments made to the energy baseline during the performance period and designate responsibility (ESCO or Government action) for any energy savings shortfalls. The documentation is provided

annually in the M&V report.

Finally, GSA will electronically identify equipment associated with ESPC contracts within our National CMMS system. This will streamline the process of monitoring ESPC related requirements and ensure that ESPC equipment is not modified, de-commissioned, or removed prior to ESPC contract completion. The enhanced monitoring capability and protection of equipment against unauthorized actions will assist in ensuring Government-caused energy savings shortfalls are minimized.

In order to promote competition and address contracting risk, the PBS National Capital Region instituted new procedures to: (1) formalize contracting officers' documentation of any determination that large change orders are within the scope of the original contract or order; and (2) re-emphasize the need for a justification for an exception to full and open competition or fair opportunity in instances where the change is outside of the scope of the initial contract or order.

PBS continues to adhere to the Limitation of Government Obligation policy, per Procurement Instructional Bulletin 16-01, Rev. 2.0 (Sept. 28, 2016).

UESCs; include Mandated Savings Guarantees, Limited Competition, and Sole Source Contracts.

UESCs procured after October 2012 require the following elements: (1) energy savings performance assurances or guarantees of the savings to be generated by improvements, which must cover the full cost of the Federal investment for the improvements; (2) measurement and verification of savings through commissioning and retro-commissioning; and (3) competition or an alternatives analysis as part of the selection process prior to entering into a UESC. GSA guidance, entitled "Procuring Energy Management Services with the GSA Area-wide Contract," states that language must be included in the negotiated Authorizations (i.e., Performance Assurance Plans) that secure guarantees of the energy and/or cost savings. If more than one franchised utility company is available in the service area or if the area-wide contract is determined to be non-advantageous, the facility is required by the Federal Acquisition Regulation (FAR) to acquire service via competitive acquisition procedures (i.e., separate contract), allowing all utilities the opportunity to bid for service. If the area-wide contract is determined to provide the best value to the Government in response to the need for energy management services, the process must be documented through the justification and approval process as outlined in the FAR.

CHALLENGE #4: Prioritizing Agency Cybersecurity

Protection of GSA's Building Control Systems against Cyber Attacks

AGENCY ACTION PLAN -Protection of GSA's Building Control Systems against Cyber Attacks

GSA IT, in partnership with PBS, will continue to enhance the overall security of building systems. These initiatives include: maintaining a full and complete inventory of building management systems; taking a proactive approach to identify and modernize at-risk building systems; targeting high-risk buildings and at-risk technologies investing in the hygiene of the network infrastructure; implementing personnel and technology process improvements; conducting vendor outreach and management; and training the workforce.

GSA IT and the PBS Office of Facilities Management (OFM) currently utilize a Risk Management Framework (RMF) scorecard to identify and prioritize at-risk building systems. In FY 2018, GSA assessed 30 buildings and applied the framework to focus on 17 prioritized buildings. In FY 2019, GSA will apply the RMF scorecard to 40 additional buildings to identify key focus areas for the year; which will include the following activities:

- Categorize systems and data by that system based on practical impact of the system;
- Select and tailor baseline security controls for the system based on potential security impacts;
- Implement security controls;
- Document how the controls are deployed within the system and operating environment;
- Periodically assess the implemented security controls to determine how well the controls are implemented and operating;
- Authorize use of the systems based upon a risk-management determination of the actual risk presented by the system; and
- Regularly monitor and assess 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; and,
 - reporting the security posture of the system to appropriate stakeholders.

GSA will also develop a funding and procurement strategy to address operational risks across the building systems portfolio. This will include identifying and replacing End of Life technology, completing an audit of circuit and network connections to ensure appropriate security controls are in place, and mitigating other potential vulnerabilities through active and continuous diagnostics and monitoring.

Vendor and employee outreach efforts will continue 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. GSA IT and PBS OFM will hold regular meetings with industry to ensure products meet Federal and GSA security policies and processes. GSA IT will also provide workforce training on cyber hygiene to address issues of sharing passwords and following IT security policies.

In addition to engaging the workforce, 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 will provide guidance and language to include in leasing agreements to outline cybersecurity requirements that are in line with existing cybersecurity and IT policy.

Controlling Access to Sensitive Information in GSA Systems

AGENCY ACTION PLAN - Controlling Access to Sensitive Information in GSA Systems

GSA IT will continue to modernize and strengthen its cybersecurity defenses to proactively address known and evolving threats. GSA IT will provide a wide array of cybersecurity services across GSA to protect the agency's sensitive information, while monitoring and responding to threats and breaches to the network. In FY 2019, GSA IT will continue to control access to sensitive information in GSA systems by:

- Working with the system owners to ensure that privileged accounts for applications, databases, and at the operating system level, by FISMA system, have been recertified for proper roles and access.
- Continuing to participate in the DHS 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 monthly training to the cybersecurity stakeholders responsible for the implementation of key cybersecurity 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 Representatives, and program managers verify that the appropriate cybersecurity language is included in all GSA IT contracts, as outlined in GSA policy and procedures.
- Conducting security self-assessments focused around the findings and recommendations from the FY 2018 FISMA and financial audits.
- Reviewing all mobile device management policies and practices for validity against the current threat environment.
- 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 Personal Identifiable Information (PII) and financial information.

In addition, GSA will implement new technologies, policy updates, and process improvements to continue decreasing the risk of unintentional mishandling of GSA's data and ensure prompt and effective responses to reported breaches. This will be achieved through the following activities in FY 2019:

- Continuing to provide targeted, role-based training to system owners, program managers, and others responsible for the implementation of key privacy controls within GSA information systems. The training offerings shall be reviewed continuously based on privacy risks identified in GSA information systems.
- Holding a tabletop breach response exercise with the goals of practicing notifying internal stakeholders, escalating an incident as a "major incident," testing the agency breach response procedure, and helping ensure that members of the Full Response Team are familiar with the plan and understand their specific roles.
- Providing the Senior Agency Official for Privacy with a report detailing the status of each breach reported during the previous fiscal year.
- Submitting to the OIG a revised corrective action plan for assignment 180001 to address the elements of the original corrective action plan that the OIG found were not fully implemented.

CHALLENGE #5: Managing Human Capital Efficiently to Accomplish GSA's Mission

AGENCY ACTION PLAN - Managing Human Capital Efficiently to Accomplish GSA's Mission

Agency Action: Continue to conduct enterprise-wide Workforce Planning in support of GSA's Long-Term Workforce Plan and Human Capital Operating Plan.

GSA is actively mitigating the risks and challenges associated with GSA's high-retirement eligibility by efficiently

managing human capital to accomplish GSA's mission. GSA workforce planning efforts during FY 2018 have targeted these human capital risks, particularly for mission-critical occupations (Acquisition, Financial Management, Information Technology, Program Management, Property Management, Realty, and Human Resources).

In FY 2018, GSA launched workforce planning enterprise-wide to identify and address gaps between the workforce of today and the human capital needs of tomorrow. Partnering with agency Service and Staff Offices (SSO), GSA's Office Of Human Resources Management (OHRM) conducted workforce assessments to define each organization's desired future state and human capital requirements. These involved workforce analyses, skills gap identification, and the development of actionable workforce plans that outline strategies to close the skills gaps.

GSA Workforce Planning assessments further confirmed the need to address risks associated with turnover rates and high retirement eligibility, through succession management and knowledge transfer. SSO workforce action plans were completed in Q3 FY 2018. Implementation of workforce action plan strategies has begun and will continue throughout FY 2019. Key workforce planning focus areas for the agency include: retention; organizational design/functional alignment; recruitment/staffing; talent development; succession planning; and performance management. GSA will continue to pursue an annual workforce planning cycle to ensure human capital strategies are updated to reflect the evolving human capital needs of the agency.

To maintain expertise in mission-critical occupations, GSA also plans to establish an enterprise-wide competency management program to build critical competencies needed throughout the agency and to support agency succession planning.

CHALLENGE #6: Safeguarding Federal Facilities and Providing a Secure Work Environment

AGENCY ACTION PLAN – Safeguarding Federal Facilities and Providing a Secure Work Environment

The Office of Mission Assurance (OMA) continues to collaborate with the Federal Acquisition Service (FAS), the Public Buildings Service (PBS) and other internal partners to ensure that contractors are properly cleared prior to gaining access to GSA facilities and systems. OMA also conducts ongoing training sessions with GSA Requesting/ Contracting Officials in an effort to increase compliance and streamline the contractor clearance process.

GSA has been working on improving the Facility Security Assessment (FSA) process overall, with a focus on training for GSA employees. In addition to the GSA FSA order with responsibilities for both OMA and PBS, GSA has recently released a FSA plan with actions for future years. To date, hundreds of PBS property managers have attended in-person training offered by the Interagency Security Committee (ISC). GSA and the ISC are also looking into providing GSA with online training modules administered through GSA's Online University that can be offered to a larger group of people while also tracking completion status.

GSA has created a standardized process that governs the distribution and use of Personal Identity Verification (PIV) cards for contractors. This process requires the completion of a background investigation for contractors and outlines a phased-approach that bans the distribution and use of generic facility access cards in GSA-controlled facilities. Further, over the past fiscal years, GSA has worked diligently to improve the tracking and the maintenance of data in GSA's Credential and Identity Management System (GCIMS). GCIMS was updated to capture collection and destruction of GSA Access Cards. A GCIMS user guide was also created for system role holders. The thousands of records were validated after the GSA Office of Inspector General Report was released, and GSA now updates the data on a monthly basis to ensure the most current data is being used.

OMA continues to partner with the Federal Protective Service (FPS) and receives quarterly updates regarding completed FSAs in GSA facilities. The current FSA data that GSA received from FPS (more than 1,400 records) contained more data points than in the past, including the Facility Security Committee chairperson's contact information, the date of the completed assessment, the assessment presentation date, and the date of the next in-cycle assessment. GSA is surveying property managers to ensure receipt. The FSA collection process will continue to improve in FY 2019 as the GSA/DHS Memorandum of Agreement has just been signed. GSA will receive a digital copy of all FSAs. Creating a gateway for GSA to view and receive the digital FSA from the FPS repository will allow GSA to review, store, and distribute the FSAs as necessary. OMA will continue to have an open dialogue with FPS on the overall FSA process at each step.

CHALLENGE #7: Managing Revolving Funds Effectively

Acquisition Services Fund

AGENCY ACTION PLAN - Managing Revolving Funds Effectively

GSA works to ensure that its revolving funds, including the Acquisition Services Fund (ASF), have revenues to cover expenditures and that the necessary budgetary controls are in place. For the ASF, GSA looks at Net Operating Results and Net Financial Impact (NFI), which determine the ASF's net gain/loss before and after making strategic investments using the fund's accumulated retained earnings. Since its inception in FY 2007, the ASF has generated retained earnings as the result of positive net income in prior years. Over the last few years, GSA has made investments that have drawn down accumulated retained earnings in the short term but should generate a positive financial return in the long run.

The \$8 million loss in FY 2017 is the ASF's financial position after accounting for strategic investments GSA made to enhance its operating posture. This amount is effectively break-even relative to \$10.3 billion in revenue. Because the ASF has fixed costs and fluctuating levels of customer orders, there may be very small net losses on an annual basis. But GSA closely manages the fund so that losses in a given year do not detrimentally affect the overall health of the fund. Additionally, the FAS Commissioner has been working with each of the ASF business lines to ensure full cost recovery of the fund and GSA expects the ASF to break even at the NFI level in FY 2020. FAS is constantly exploring innovative ways to increase business volume, adjust rates, or reduce costs.

The Technology Transformation Services (TTS) under FAS will continue to review and optimize cost structures and business opportunities, including staffing level reviews to assess and optimize billable and non-billable workload. In FY 2019, several focus areas are planned around the ongoing efforts to increase staff utilization rates. These efforts include conducting weekly projections and increasing the management of individuals' utilization performance; continuing to aggressively manage the pipeline of actual and potential work orders to ensure that expenses are managed and the workforce is utilized efficiently; and continuing to expand use of the ASF authorities to secure multi-year interagency agreements with other agencies to maximize staff utilization. A culture of cost recovery and personal accountability will continue to be emphasized and reinforced. Additionally, individual performance plans will be updated to promote focus and accountability on increasing utilization rates driving toward cost recoverability.

Optimization of TTS's cost structure will also include a thorough review of billing rates to customer agencies by conducting market research and pricing analysis to ensure competitive pricing while increasing profitability. TTS will also continue to explore new billing models under ASF authority.

On the cost savings side, TTS will assess travel and training budget allocations to optimize resource levels and execution rates. The organization will continue to explore cost saving measures for travel and further reduce the training budget. TTS will continue to decrease overall impact to weekly utilization rates by limiting simultaneous conference attendance and training.

Finally, in FY 2019, TTS will focus on developing deeper client relationships and partnering on larger and more impactful modernization projects and initiatives. TTS will define and organize our brand internally around a clear set of complementary service and product offerings. The organization will grow the project pipeline by marketing products and services to attract new customers and highlight industry best practices. By adding new services for existing customer agencies, attracting new customers, and executing plans to expand Centers of Excellence, cost recovery goals in alignment with FAS break-even objectives can be achieved.

Regarding budgetary control issues, GSA exceeded its FY 2017 ASF apportionment limitation with respect to flow-through activity. This activity is related to customer orders where GSA has entered into a reimbursable agreement with agencies to procure goods and services for the customer agency. Orders with GSA are funded out of customer agencies' appropriations to ensure that government funds are available. Agency flow-through obligations are inherently difficult to predict because they fluctuate significantly over time. GSA processed more than \$2.3 billion in flow-through obligations in September 2017, which represented a 30 percent increase over what was recorded in September 2016. This was higher than the anticipated customer orders that had been built into the ASF's apportionment. Even though the ASF obligations were based on valid, funded customer orders, the ASF flow-through apportionment limitation was exceeded.

In response to this, GSA initiated a Corrective Action Plan (CAP) with four actions:

1. Establish monthly monitoring controls over apportionment levels, including updates on monthly levels in briefings with OCFO and FAS leadership, and create an automated SF-133 report to assist in this process;
2. Develop monthly forecasts for end-of-year apportionment based on historical data and business volume projections;
3. Establish a process for reapportionment, which ultimately leads to a monthly determination by the FAS Budget Director as to whether an adjustment to the apportionment is necessary and should be communicated to the GSA Budget Director; and,
4. Explore the feasibility of developing and implementing automated preventive system controls in FAS's ordering systems to alert users of activity.

All four corrective actions have been completed. GSA's auditor has accepted and validated this CAP, and GSA is also working with OMB to consider measures that would allow for flexibility in its apportionment to accommodate the uncertainty surrounding flow-through obligations.

CHALLENGE #8: Implementing GSA's Role Under the Comprehensive Plan for Reorganizing the Executive Branch

AGENCY ACTION PLAN - Implementing GSA's Role Under the Comprehensive Plan for Reorganizing the Executive Branch

GSA agrees that the integration of the U.S. Office of Personnel Management's (OPM) functions into GSA offers an opportunity for considerable operational efficiencies while acknowledging that the transition will be challenging. GSA and OPM are committed to conducting the merger in a way that minimizes service disruption for OPM and GSA customers and employees. We have initially been focused on ensuring a successful transfer of OPM's Human Resources Solutions (HRS) to GSA, while concurrently, The Executive Office of the President initiates analysis of the potential move of retirement and healthcare benefits. GSA and OPM are developing the value proposition and qualitative business case for the merger and will continue to analyze the most effective way to integrate OPM functions into GSA while taking into account the Federal employees who rely on the services. GSA and OPM have developed an initial list of risks and mitigation strategies that we will monitor and implement throughout the transition.

On June 21, 2018, the same day the President's Reform and Reorganization Plan (Plan) was released, GSA kicked off its Task Force to plan and execute the merger. The GSA Task Force is led by Mary Davie, a senior executive in GSA who has prior experience with large reorganizations focused on fee-for-service federal organizations. The GSA Task Force, which meets weekly as a group, has representation from the Public Buildings Service, the Federal Acquisition Service, and all GSA staff offices. Working with their OPM counterparts and HRS leadership, the Task Force members have developed the transition and implementation plan to move HRS and its supporting functions and technology to GSA. Each functional area (human resources, CFO, CIO, facilities, personnel security, procurement, legal, and administrative support services) has created project plans identifying all required activities and milestones to effect the transition in their respective functional area. The OPM and GSA Task Force leads provide oversight and coordination between the organizations and track project plan activities. In addition, GSA has acquired contract assistance to support strategic planning and ensure successful execution in alignment with recognized best practices and approaches. The June 2018 GAO Framework 18-427 "Key Questions to Assess Agency Reform Efforts" is being used as a guide in this merger.

GSA recognizes the importance of communication, engagement, and change management for all stakeholders. GSA and OPM have created a robust communications plan that includes employees, customers, industry partners, and external stakeholders to ensure they receive accurate and timely information ahead of key dates in the transition and implementation plan to move OPM functions and technology to GSA. Examples of internal communications include: weekly briefings to the GSA leadership team; monthly updates provided to all GSA executives; and numerous agency-wide communications through town halls, emails, blog posts, a video communication and shared email inbox. In addition to the July 2018 Homeland Security and Government Affairs (HSGAC) hearing, GSA, OPM, and OMB briefed the relevant authorizing Committees and the House Committee on Oversight and Government Reform in July, shortly after the release of the Plan. Subsequently, all three entities jointly briefed the authorizing Committee staff and the House and Senate Appropriations staff in September, with a commitment to provide regular briefings on the merger's progress.

GSA recognizes the importance of determining the appropriate organizational structure for OPM functions within GSA and understands the criticality of successful and timely onboarding of staff. To achieve this, GSA and OPM are undertaking a best business fit analysis to guide placement of OPM products/services/solutions within GSA and to determine other organizational realignments that may increase efficiency and align offerings. The analysis will include impacts to workforce and customers, and is planned to be completed in early Q2 of FY 2019. As a service provider to Federal, state, and local entities worldwide, GSA understands the importance of ensuring a smooth transition of staff in order to minimize or eliminate disruption to customers and the industry partners who do business through us. GSA also has experience with transition of employees, technology, and functions to other agencies and will use that experience and lessons learned to help guide the GSA/OPM merger.

GSA is committed to working with Congress and staff, as well as GAO and OIG, in providing information on the transition and supporting their oversight roles.