



GSA Administrator

November 9, 2011

MEMORANDUM FOR BRIAN D. MILLER
INSPECTOR GENERAL (J)

FROM:

MARTHA JOHNSON
ADMINISTRATOR (A)

A handwritten signature in blue ink that reads "Martha Johnson".

SUBJECT:

Inspector General's Assessment of the U.S. General Services
Administration's Major Challenges

Thank you for providing me with the opportunity to review your assessment of the major challenges currently facing the U.S. General Services Administration (GSA) and our progress in addressing them.

GSA acknowledges these challenges and is implementing a broad range of measures to address them, including the development of an Enterprise Acquisition Solution to simplify the interconnection between acquisitions and the accounting system; and making additional efforts to improve the Multiple Award Schedules (MAS) program's pricing, management, and electronic contracting environment and continue the transition of Government agencies to Networx telecommunications contracts.

Please find attached our comments that provide information and clarification pertaining to the Greening Initiative, Financial Reporting and Acquisition Programs.

We look forward to continuing to work with the Office of the Inspector General (OIG) to minimize, if not, eliminate waste, fraud, and abuse and promote greater Government effectiveness and efficiency.

Attachment

U.S. General Services Administration
1800 F Street, NW
Washington, DC 20405-0002
Telephone: (202) 501-0800
Fax: (202) 219-1243
www.gsa.gov

AGENCY MANAGEMENT COMMENTS ON THE INSPECTOR GENERAL'S ASSESSMENT

GSA'S "GREENING" INITIATIVE – SUSTAINABLE ENVIRONMENTAL STEWARDSHIP

ISSUE: Challenges Exist in Achieving GSA's Sustainability and Environmental Goals.

The Public Buildings Service (PBS) performed the following actions to move toward achieving GSA's sustainability and environmental goals:

- Developed a Green Purchasing Plan.
- Designing three Net Zero Demonstration Projects per year to demonstrate progress toward the goal of designing buildings to achieve net-zero energy by FY 2030.
- Adapted the Asset Business Plan Tool to include sustainability metrics and developed a sustainability page on the asset business plan.
- Developed sustainability training specific to Asset Managers and for all GSA employees a LEED professional credential training program and a green purchasing training for all employees.
- Developing tools to engage tenants and incentivize behavior change.
- Created a GSA Senior Sustainability Council, the PBS National Sustainability Council, the Sustainability Steering Committee chaired by the GSA Senior Sustainability Officer to implement the GSA Strategic Sustainability Performance Plan, a FAS Sustainability theme team, a PBS National Sustainability Council, and regional sustainability councils.
- Revising *Facilities Standards for the Public Buildings Service* (P-100) to align building and interior finishes standards with sustainability goals and transform P-100 from prescriptive to performance-based standards. Developed performance specifications for green interior finishes including paints and coatings, resilient flooring and cove base, suspended ceiling systems, and wall coverings.
- Gathering and analyzing data to improve building performance through tools such as: LEED, Energy Star Portfolio Manager, advanced meters, and smart buildings.
- Published a post-occupancy evaluation of 22 GSA buildings to assess real world performance of sustainably-designed buildings and initiated post-occupancy evaluation pilot project.

ACQUISITION PROGRAMS

ISSUE: Multiple Award Schedules Program

In regard to pricing and compliance, FAS has taken a number of steps to strengthen pricing under the Multiple Award Schedules (MAS) program. In October 2011, a pilot for enhanced pricing capability was launched under Schedules 520 and 599 of the MAS program. The pilot includes capturing pricing data up front with offers and modification requests via Formatted Pricelist (FPL) templates, displaying the FPL automatically on GSA Advantage!, and providing the FAS acquisition workforce a Price Evaluation Tool (PET) to enhance the ability to negotiate pricing. Under this pilot, the acquisition workforce will receive complete proposed pricing in a standard format and will also have the automated capability to conduct price analysis through PET. With elimination of the Schedule Input Program (SIP), Contracting Officers and Specialists will no longer have to approve pricelist submission through the Contracting Officer Review System. Another feature includes the automation of standard Pre-Negotiation Memorandum, Price Negotiation Memorandum, and Final Proposal Revision templates for offers and modifications. Additionally, FAS has begun to issue a series of Procurement Information Notices to outline price analysis evaluation techniques and strengthen the use of these techniques under the MAS program.

In regard to contract workload management, FAS has undertaken several Continuous Process Improvement (CPI) initiatives to help address workload challenges. In FY 2010, FAS launched the Rapid Addition Modification (RAM) process improvement aimed at addressing workload associated with administrative modifications. Of the 45,000 modifications submitted annually, 40 percent are administrative. After the implementation of RAM, the cycle time for processing administrative modifications decreased 60 percent allowing Contracting Officers and Specialists to focus on more important pricing modifications. In October 2011, FAS launched the Option Process to Ensure iNtegrity (OPEN) to streamline the process for exercising options to extend the term of a MAS contract. This project reduces extraneous process steps, upgrades system functionality, reduces workload, and promotes greater consistency across the MAS program. Finally, FAS began a CPI project entitled the Contractor Readiness Initiative. The initial analysis with this project is complete and improvements in outreach to potential contractors are being implemented to ensure more successful contractors and greater utilization of suppliers under the MAS program.

FAS made tremendous progress in moving toward an electronic contracting environment for the MAS program. Achieving an end-to-end electronic contracting environment holds a host of benefits like supporting a mobile/agile workforce, improving workload management, increasing contract quality, reducing our environmental footprint, and obtaining meaningful business intelligence. One key element in the move toward electronic contracting is the movement toward eOffer/eMod. In January 2010, only 18 percent of modifications under the MAS program were received electronically. As of September 2011, 73 percent of modifications are received electronically. Finally, as of FY 2012 all offers and modifications must be received electronically under the MAS program.

Transition to Networx

In 2011, FAS awarded four 6-month continuity bridge contracts each with 6-month option periods to support agencies that required services as they complete the transition to Networx. Currently, 80 agencies are completely transitioned to Networx. Only 55 agencies are using the bridge contracts, and 39 agencies are at least 90 percent complete. This progress is the result of GSA directly supporting small agencies, quickly accomplishing any required contract modifications, working service inventory issues, working with carriers

to coordinate transition issues, working with OMB to review transition plans, and offering protest support when necessary. We are also focusing our Network Services 2020 strategy effort on simplifying and improving the telecommunications transition process.

FINANCIAL REPORTING & INFORMATION TECHNOLOGY

ISSUE: Controls over Budgetary Reporting, Financial Reporting, and Acquisition Systems

Some subsidiary feeder systems do not update the financial management system in real time which leads to worksheet adjustments. The Federal Acquisition Service (FAS) and the Office of the Chief Financial Officer have made significant progress in reducing the number of worksheet adjustments. FAS has taken an active approach to mitigating the risks of disparate legacy business systems and has made the strategic decision to invest in the development of an Enterprise Acquisition Solution (EAS) designed to improve capabilities across FAS through implementation of a flexible and scalable Service Oriented Architecture (SOA) framework. The development of a SOA will reduce the inconsistencies associated with such a diverse set of business systems and processes by packaging functionality and allowing different applications to exchange data. By simplifying the interconnection and usage of existing IT assets, FAS will be able to respond more quickly and cost effectively to changing market conditions while also facilitating functions of the accounting system.