**U.S. General Services Administration**

**Management Challenges and GSA Actions**

**Fiscal Year 2025 Congressional Justification**

The section below lists the management and performance challenges identified by the GSA Inspector General and initially reported in GSA's FY 2023 Annual Financial Report on November 15, 2023 as well as GSA management's response. In all cases, GSA's budget addresses each management challenge by providing the necessary funding for the office charged with addressing the challenge.

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

**Internal Controls**

Establishing and maintaining a strong internal control environment is critical to GSA's ability to deliver effective and efficient Government services for the American people. That's why GSA established an Executive Committee on program audits – this is a group of senior leadership, including the Deputy Administrator, that meets monthly to focus on agency-wide accountability and high-risk issue resolution. This approach has led to significant reductions in credentialing issues, continued implementation of contract administration improvements recognized by the OIG, and new insights into strengthening program performance by partnering on solutions across organizations. GSA also reduced its one material weakness to a significant deficiency, which should be completely remediated in fiscal year (FY) 2024.

The agency's concerted attention to improvement has also resulted in completing more effective corrective actions more timely. Five years ago, GSA increased its 95 percent rate of on-time completion of OIG corrections to 97 percent, then further improved the completion rate to reach 100 percent and sustained that rate for 3 years. More importantly, in terms of efficiency and effectiveness of Government services, during those 3 years we have completed more than 94 percent of OIG actions within 1 year. We have also established similar improvement standards for responding to GAO's oversight and reporting, reaching a GAO recommendation implementation rate of 100 percent, an improvement on our previous rate of 97 percent and the Government-wide rate of 77 percent. Finally, we are wholeheartedly in accord with the OIG on the importance of fully implementing corrective actions—those of both OIG and GAO—and are exploring approaches that will better ensure that audit findings are addressed and corrective actions sustained.

**Contract Administration**

GSA agrees that contract administration is a top management challenge and appreciates acknowledgment that GSA has taken steps to improve in this area. We believe raising performance levels in this area is a long-term challenge and improvement is one of GSA's key performance goals in our FY 2022 to 2026 strategic plan. GSA is focusing on making steady

progress that improves employee accountability, builds needed management tools, addresses training and performance needs, and, if needed, creates or clarifies policy.

**Acquisition Solutions**

The Federal Acquisition Service (FAS) has given thoughtful consideration to the findings of previous OIG audits with respect to Government procurement and has used these to help transform its Multiple Award Schedule (MAS) program by implementing controls to track progress against key metrics and help mitigate compliance risks associated with MAS Consolidation. As of October 2023, 49 percent of applicable contractors have successfully completed Phase 3 and have consolidated to a single MAS contract. Of the remaining vendors, 47 percent have submitted consolidation plans, which are in process, and FAS will continue to encourage the remaining 4 percent to submit their specific consolidation strategy.

FAS has used other OIG findings to steadily mature the Transactional Data Reporting (TDR) program. In FY 2023, GSA improved TDR data quality. FAS is working with its largest vendors on data-quality maturation and is taking a careful approach toward a decision for TDR expansion. FAS will emphasize continuous process improvements, combined with robust acquisition workforce training, as it matures the program.

Finally, GSA is mindful of the impact of delayed agency transition from the expiring Networx, Washington Interagency Telecommunication System and Local Service contracts. GSA is actively engaging with executives of those agencies to address their specific progress, challenges, risks, and risk responses. In the Memorandum of Understanding (MOU) that agencies signed to extend their transition timelines, agencies acknowledged that if they do not complete transition before the exercised option or continuity of service period ends, they accept responsibility and accountability for implementing contingency acquisition plans and for ensuring their missions are not interrupted or otherwise negatively impacted. Agencies that sign an MOU to extend their transition deadline to May 31, 2026, are required to meet quarterly with GSA. To facilitate faster problem-solving, when appropriate, GSA facilitates meetings between agencies and Enterprise Infrastructure Solutions contractors to help identify the root cause of problems and spur discussion forward.

**Performance of Real Property Inventory**

GSA continues to focus on right-sizing the Federal real estate portfolio. GSA also has been working with the Federal Real Property Council and its member agencies to develop a strategy that takes into account an increase in flexibility as part of agency workspace planning.

To effectively address this issue, in partnership with the 24 CFO Act agencies, GSA completed National Workspace Portfolio plans that include real estate goals, strategies, and opportunities for improving space utilization and reducing costs. Our work with customer agencies to establish workplace strategies and portfolio solutions will enable GSA to better achieve target occupancy levels and provide more efficiently occupied spaces. Continued partnering with agencies on

their future space needs and aligning occupancy agreement terms with the lease terms will also reduce the Government's risk of unused and underused space. This right-sizing effort will allow GSA to reduce and consolidate agencies into GSA-controlled Federal facilities based on their missions, as well as reduce the reliance on costly leases, which will help to maximize the performance of the inventory and deliver savings for the American taxpayer.

GSA's other efforts also include reducing leasing costs, meeting the operations and maintenance needs of federally owned GSA-controlled buildings, administering GSA's Capital Construction Program, and ensuring effective management of Energy Savings Performance Contracts and Utility Energy Service Contracts. GSA has proposed legislation that would facilitate access to the full amount of the annual Federal Buildings Fund's revenues and collections, increase GSA's prospectus threshold, and expand the allowable uses of the disposal fund. These legislative changes would enable GSA to further optimize space, provide better service to Federal agencies, and mitigate increasing deferred maintenance costs.

**Cybersecurity Risks**

Managing a complex Federal IT architecture in the current environment presents challenges that GSA embraces. To meet these challenges, GSA IT has taken action that aligns with the President's Executive Order (EO) for Improving the Nation's Cybersecurity (EO 14028) focused on Zero Trust and the Office of Management and Budget's (OMB) M-22-09, Federal Zero Trust Strategy. Leveraging an FY 2022 Technology Modernization Fund award to advance zero trust has helped GSA IT to eliminate its virtual private network and associated costs; reduce GSA's attack surface; better secure devices supporting building operations; protect against prohibited, compromised, or counterfeit devices; enhance visibility and threat detection/response; support more phishing-resistant authentication options; and improve user experience. GSA's performance across all key metrics is closely tracked by OMB and the Office of the National Cyber Director and is reflected on the [Federal Cybersecurity Progress Report published in Performance.gov](), which is used to measure progress in achieving EO 14028 milestones and implementing key cybersecurity measures. Significantly, the GSA information security program maintained its overall "Effective" rating in the annual OIG independent assessment, with "Optimized" ratings in two of five cybersecurity functions and "Managed and Measurable" in the remaining three functions.

FAS recognizes that supply chain risk management (SCRM) continues to be a top management challenge and has aggressively implemented Section 889 prohibitions by removing covered Section 889 articles from FAS offerings. FAS paired this approach with ongoing compliance monitoring practices that exceed Federal acquisition requirements. This past year, FAS also expanded vendor risk requirements to support supply chain illumination and risk analysis of critical programs, provided subject matter expertise for pre-award and post-award supply chain risk reduction states on critical FAS acquisitions, and proactively identified supply chain threats and then reduced those threats by deleting items and/or canceling contracts. FAS also implemented new controls that significantly reduced prohibited telecommunication items being offered on GSA's MAS contracts and on post-award contract modifications. In FY 2024, FAS

expects to expand its efforts by adding specific IT supply chain requirements into contracts that are tailored to the contract type and specific business need.

GSA's Integrated Award Environment (IAE) takes seriously its responsibility to securely operate the System for Award Management (SAM) and protect its data. SAM implements layered technical, business, and process controls to prevent system access by unauthorized users and to guard against the misuse of entity information. Since the launch of the new SAM.gov in May 2021, IAE has identified and addressed over 400 suspected attempts at fraud and blocked several thousand user accounts for attempted impersonation. As of June 2023, IAE completed the removal of point of contact email addresses and phone numbers that were previously publicly available. IAE combines its technical and system controls with educational training and communication campaigns to raise awareness about known online scams and fraudulent schemes that target SAM.gov users. Information on how to report suspicious or fraudulent activity is also provided to users through IAE communications, including at the supporting Federal Service Desk (FSD.gov). Additionally:

- FAS implemented new internal controls, beyond the supplier's self-certification, that significantly reduced prohibited telecommunication items being offered on GSA's MAS contracts.
- In March 2023, FAS introduced new internal controls that supported the reduction of prohibited telecommunication items being offered on GSA FAS contracts during post-award contract modification activities.
- In August 2021, FAS implemented internal controls that supported the prevention of prohibited telecommunication items being offered on GSA FAS contracts during pre-award contract activities. FAS implemented internal SCRM governance controls to reliably identify, assess, and respond to risks. The governance controls consist of hiring IT security subject-matter experts (SMEs), oversight by a cross-functional governance board, and enhancing acquisition workforce training.

**Work Environment Safety and Security**

GSA continues to follow guidance from the Centers for Disease Control and Prevention and the Safer Federal Workforce Taskforce with regard to health and other safety measures for occupants in GSA-controlled space. GSA has also adjusted its heating, ventilating, and cooling operations to improve air filtration. Air filtration has been evaluated, air filters have been improved to higher Minimum Efficiency Reporting Values ratings to the extent possible without reducing air flow/ventilation, and filter banks have been sealed to prevent air from bypassing the filters. GSA launched the Ventilation Verification Project, which is intended to verify and correct, to the maximum extent possible across our owned portfolio, a building's heating, ventilation and air conditioning systems to conform to the level established by ANSI/ASHRAE Standard 62.1-2022, Ventilation for Acceptable Indoor Air Quality, at the air handling unit and air distribution level. (Note: this is a general level, not a room-by-room level)

Providing a secure work environment for Federal employees and the public is also a priority for GSA. In April 2023, GSA and the Federal Protective Service (FPS) signed a new Memorandum of Agreement (MOA) detailing the roles and responsibilities for each agency. The MOA will be updated as GSA, FPS, and the U.S. Department of Homeland Security work together to ensure there is a clear understanding of responsibilities and an agreement on implementation processes and timelines for repair or replacement. Additionally, having achieved significant reductions in credentialing issues by strengthening controls over the monitoring and collecting of access cards, GSA is now focusing on analyzing access card data to develop procedures to prevent issues through insider-threat reviews, further investigations, or both.

**Fleet Electrification**

GSA agrees with the challenges identified by the OIG regarding the electrification of the Federal fleet and will continue working to address these issues and mitigate risks by maintaining close relationships with suppliers, advising agencies on optimal electrification strategies with funding and market limitations, and focusing on infrastructure to support electric vehicle operation. To better enable Government-wide electrification of the Federal fleet, GSA has established the PBS Center for Electric Vehicle Infrastructure.

Despite funding and market supply limitations, GSA ordered 5,823 zero-emission vehicles (ZEV) in FY 2023—63 percent more than in FY 2022—and offered 70 unique ZEV models. In FY 2023, 14.27 percent of Federal fleet vehicle purchases, excluding United States Postal Service-owned, were zero-emission, and 17.89 percent of light-duty purchases were zero-emission. GSA also offers electric vehicle charging infrastructure contract solutions using FAS and PBS authorities to support equipment and construction.

GSA Fleet is on track to return to a positive financial position by FY 2027. Although GSA's continued requests for additional funding to support both ZEVs and the necessary charging infrastructure have not been successful, many of GSA's customers have secured funds to support the transition to a zero-emission fleet, and together we have made significant early progress toward achieving the Administration's goals. The commitment of customer agencies to meet the Administration's electrification goals and find resources has been instrumental in the progress to date.

**Technology Transformation Services (TTS) Management**

GSA agrees with the challenges identified in the OIG's report on Login.gov report (JE23-003). In response, TTS and Login.gov have put in place new program leadership, including a new Director, Deputy Director, and Chief Operating Officer. TTS also implemented new internal controls and instituted significant new processes for transparency with customer agencies, such as the creation of a partner advisory group and a monthly newsletter update series.

These structural changes and the establishment of processes to improve program governance and oversight, including financial accountability and cost recoverability, are critical for TTS. Its scope of products and services includes more than 26 unique products and programs that are

funded from a variety of sources, including the Federal Citizen's Services Fund, the American Rescue Plan Act of 2021, GSA's Acquisition Services Fund and Working Capital Fund, as well as inter-agency contributions and other sources.

Organizational goals for FY 2024 for all TTS leaders and teams include objectives and metrics focused on:

- Delivering high-quality products and services
- Increasing employee engagement
- Improving financial performance and management
- Improving program governance and oversight

Additionally, and significantly, Login.gov has recently announced that it plans to offer an Identity Assurance Level 2-compliant identity verification solution in FY 2024 by offering a remote biometric workflow as an option for use with the existing non-biometric offerings, in addition to options to conduct identity verification in-person at a United States Postal Service location.

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

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