



U.S. General Services  
Administration

# 2025

## Agency Financial Report **A Renewed GSA Mission**

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# Brief Overview of the Agency Financial Report (Unaudited)

The purpose of the U.S. General Services Administration's (GSA) fiscal year (FY) 2025 Agency Financial Report (AFR) is to inform the President, Congress, and the public about how GSA used federal resources to reliably deliver the best customer experience and value in real estate, acquisition, and technology services to the Government and the American people. GSA produced both an AFR and an annual performance report for FY 2025, and both reports are posted on GSA.gov under [Annual Reports](#).

This AFR highlights performance results and provides high-level financial analysis through assessments of controls, a summary of challenges, and stewardship information. GSA is paramount in helping other agencies be as effective and efficient as possible in their acquisition of goods and services, their use of technology, and their use and disposal of real property.

The AFR is an agency-wide effort, and the individuals named below contributed to the compilation of the FY 2025 report.

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# Letter from the Acting Administrator (Unaudited)



It was a truly historic year for the U.S. General Services Administration, a time of rapid progress and unprecedented innovation in each of our core missions, all guided by our founding purpose: ensuring government-wide efficiency and maximizing value for the American taxpayer.

Our recommitment to this purpose, declared on day one of President Trump's historic second term, is delivering for our partner agencies and the public. We have eliminated billions in wasteful spending, streamlined government policy, begun right-sizing the federal real estate portfolio, and supported the President's call to accelerate government's adoption of artificial intelligence by creating USAi.gov and adding frontier Artificial Intelligence (AI) models to GSA schedules.

We are working smarter and faster, returning employees to the office full time, and ensuring collaboration and the optimization of government buildings in cities and towns in every state and territory.

I am pleased to share GSA's 2025 Agency Financial Report, which illustrates so much of this swift and meaningful progress.

## **Real Estate**

Our Public Buildings Service in FY 2025 generated approximately \$729 million in cost avoidance by terminating leases, reducing leased space, and negotiating leases with better terms. Furthermore, in FY 2025, we avoided \$318 million in capital repairs and operations costs by selling 12 GSA properties with significant deferred maintenance.

GSA's real estate successes include the sale of the historic Des Moines Courthouse, which marks our first sale under the accelerated disposition initiative, saving taxpayers more than \$1.6 million annually in operations and maintenance costs and avoiding over \$28 million in estimated capital repairs over the next 10 years; the relocation of the U.S. Department of Housing and Urban Development Headquarters to a modern federal facility in Alexandria, Virginia, will save \$500 million in deferred maintenance and \$56 million annually; and finding a new home for the Federal Bureau of Investigation in Washington, saving taxpayers billions in construction costs and avoiding more than \$300 million in deferred maintenance at the J. Edgar Hoover facility.

GSA also disposes of buildings on behalf of other agencies and supports the Public Buildings Reform Board. We netted more than \$140 million from the sale of two federal buildings in Austin, Texas as well as a federal campus in the San Francisco Bay Area, and opened public auctions for historic lighthouses and a former land port of entry in New England.

## **Policy**

Our Office of Government-wide Policy and the Federal Acquisition Regulatory Council are collaborating on the most significant rewrite of the Federal Acquisition Regulation (FAR) in over forty years.

The Revolutionary FAR Overhaul Initiative reflects a common-sense approach to government by eliminating unnecessary regulations, speeding procurement, and enabling agencies to deliver better results with fewer resources.

Additionally, we've overhauled decades-old frameworks, removing more than 700,000 words from outdated federal regulations. We continue to swiftly return the FAR to its statutory roots.

## **Acquisition**

Through procurement and category management, GSA continued to recognize efficiencies on every acquisition for our customers and achieved \$7.1 billion in program savings in FY 2025.

In a major step in centralizing government procurement, GSA's Federal Acquisition Service launched the OneGov Strategy to modernize how the federal government buys IT software and leverages the full buying power of the federal government. OneGov secures enterprise-level pricing, standardized terms, and stronger cybersecurity protections that allows agencies to save time, reduce costs, and improve mission delivery. To date, we have successfully negotiated agreements with over a dozen major software companies, projecting billions of dollars in savings.

The federal government spends approximately \$450 billion annually on common goods and services. By centralizing procurement at GSA, we are leveraging the government's buying power to secure the best prices for the taxpayer. Centralization will also streamline and consolidate government-wide procurement and regulations, reducing duplication and enabling agencies to focus on their core missions.

To help with travel solutions, GSA is spearheading the implementation of a single centralized government-wide system, called GO.gov, for travel and expenses across all civilian agencies. This marks one of the first shared systems to be adopted by the entire government, consolidating more than 30 systems into one. GO.gov is projected to generate up to \$131 million in related annual travel savings and approximately \$2 billion in administrative efficiencies by expanding the use of government-negotiated discounts.

GSA asked agencies to review their government-issued charge cards, reduce the number of accounts, and set spending limits to \$1 when not in use. This resulted in closing 470,000 charge card accounts to eliminate waste and better defend against fraud.

## **Technology**

We are excited about GSA's role in thoughtfully implementing America's AI Action Plan and meeting President Trump's call that America be the global AI leader. In support of this groundbreaking initiative from the White House, we deployed the first government-approved AI shared service, USAi, which is now in use across the government. USAi.gov allows federal agencies to test a variety of artificial intelligence tools like chat-based AI, code generation, and

document summarization in a safe and secure way — all at no initial cost to the agencies. Building on this progress, GSA is accelerating access to a host of frontier AI models that will accelerate the adoption of AI and help America win the AI race.

Driving efficiency in government IT, we launched FedRAMP 20x to simplify and accelerate the adoption of secure cloud services. The time to finalize FedRAMP reviews has been dramatically decreased from over a year to less than 30 days. FedRAMP authorized more than 140 new cloud services in FY 2025, marking the highest number of authorizations achieved under any Administration in a single year.

We continue to modernize digital access for the public, Login.gov is providing exceptional fraud protection and user convenience with the recent addition of passport-based identity verification. It now has over 100 million user accounts, supporting secure access to services at more than 50 federal and state agencies. These efforts build on GSA's longstanding leadership in cybersecurity, digital identity assurance, and shared services.

## **Internal Operations**

GSA continues to execute on the President's vision of a leaner, smarter, and more accountable federal government.

We led the way on implementing numerous executive orders, including: Restoring Common Sense to Federal Office Space Management; Ensuring Commercial, Cost-Effective Solutions in Federal Contracts; Stopping Waste, Fraud and Abuse by Eliminating Information Silos; and Making Federal Architecture Beautiful Again.

We also wrote the Return to Office Playbook, which is used by federal agencies to manage and measure in-office work and building utilization, and provided a framework for agencies to eliminate unnecessary internal regulations.

I invite you to learn more about GSA by reading this report, which fulfills the requirements of Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*. Importantly, this document examines the efficacy of our internal controls over operations, systems, and reporting. In accordance with the Reports Consolidation Act of 2000, I reviewed the financial and performance data in this report and believe them to be complete and reliable.

GSA is the backbone of the federal government. It is a great honor to serve the Administration and the American people alongside so many talented and dedicated GSA employees. Together, we will continue to keep front and center the importance of being good fiduciaries of taxpayer dollars as we drive value and efficiency in government.

Thank you.



Michael J. Rigas  
Acting Administrator  
December 16, 2025





U.S. General Services  
Administration

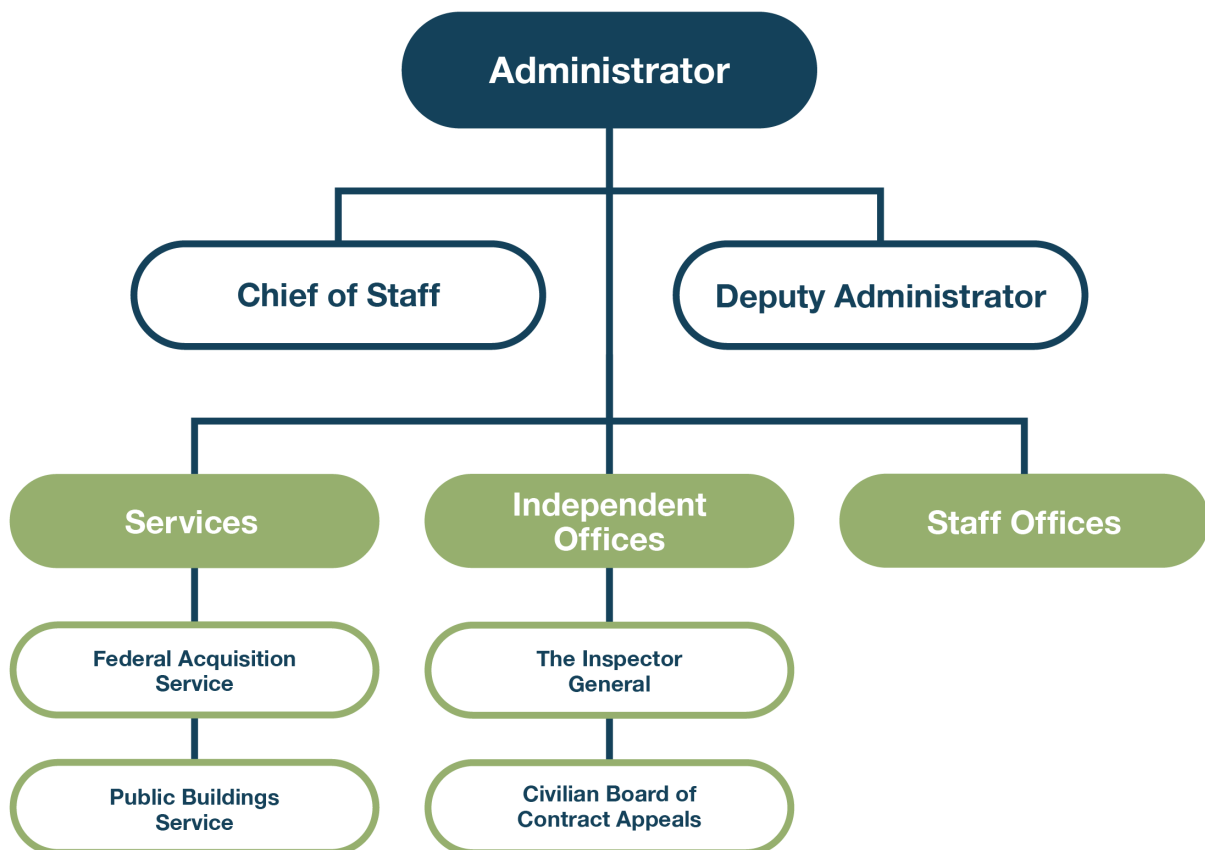
# Management's Discussion & Analysis

**(Unaudited)**

## Mission / Organization (Unaudited)

The U.S. General Services Administration (GSA) plays a vital role in ensuring that the Federal Government operates efficiently, responsibly, and in alignment with the interests of the American taxpayer. Established to streamline federal operations and promote effective Government management, GSA remains committed to maximizing value for the American people through robust oversight, fiscal discipline, and service excellence.

GSA's mission is to provide stewardship of the way the Government uses and provides real estate, acquisition services, and technology. Through the Public Buildings Service (PBS), Federal Acquisition Service (FAS), and various staff offices, GSA provides workspace for federal civilian workers, oversees the preservation of historic buildings, and facilitates the Federal Government's purchase of high-quality, low-cost goods and services from reliable commercial vendors. A comprehensive review of all performance measures can be found through [this link](#).



## GSA Services

### Public Buildings Service

Throughout the 50 States, five territories, and the District of Columbia, GSA's PBS manages one of the nation's largest and most diverse real estate portfolios. As the largest federal landlord in the United States, PBS owns and leases approximately 8,500 assets and maintains an inventory of almost 360 million square feet. GSA's inventory of assets comprises over 540 buildings listed or eligible for listing in the National Register of Historic Places. PBS provides high-quality real estate and workspace solutions, including acquiring, designing, constructing, leasing, and disposing of surplus federal real property for 50 federal departments and agencies.

### Federal Acquisition Service

GSA's FAS helps Government agencies buy and access the products, services, and solutions they need to achieve their missions. FAS is dedicated to cutting costs and promoting efficiency for our customers and the American people. FAS collaborates with suppliers, creates easy to use acquisition contracts, and ensures compliance with laws and policy. It delivers shared services across acquisition and technology. Its knowledge of the markets helps agencies manage costs and maximize every dollar the Government spends using its contracts and services.

FAS's Technology Transformation Services improves the public's digital interactions with Government by providing technology expertise, good-for-Government shared products, platforms, and services to make agencies more efficient, and effective for the American public.

### Office of Government-wide Policy

The Office of Government-wide Policy (OGP) uses policies, data, and strategy to drive efficiency, excellence, and dynamic mission delivery across the Federal Government. OGP focuses on key administrative areas, such as shared services, travel and transportation, acquisition, acquisition workforce development, fleet management, information technology modernization, and real estate management. OGP influences agency behavior in these areas through the development of Government-wide policies, performance standards, benchmarking resources, and transparent reporting of Government-wide data.

For additional information on all of GSA's staff and independent offices, please visit our [website](#).

# Performance Goals, Objectives and Results (Unaudited)

The U.S. General Services Administration's (GSA) strategic goals are aligned with the agency's four major program areas: real estate, acquisition, technology, and internal operations. This summary includes an overview of key performance trends and insights for GSA's primary revenue-generating activities, which fall under real estate and acquisition. A complete review of the agency's performance for this fiscal year (FY) will be included in the FY 2025 Annual Performance Report, which will be published in February 2026.

**Mission:** To deliver the best customer experience and value in real estate, acquisition, and technology services to the Government and the American people.

## Strategic Goal Area #1: Real Estate

GSA provides innovative and efficient work environments that enable federal agencies to achieve their missions at the best value to the American taxpayer. GSA fulfills its mission by providing real estate and workspace solutions to customer agencies to support their mission needs. By improving space utilization, investing in core assets, reducing unnecessary leases, and disposing of underutilized or underperforming facilities, GSA aims to optimize the federal footprint to more effectively support agency missions, promote collaboration, and serve as a responsible steward of taxpayer dollars.

Table 1: Key Performance Indicators for Real Estate

Measure	FY 2022 Results	FY 2023 Results	FY 2024 Results	FY 2025 Results	FY 2025 Target	Status
Gross sales revenue from federal disposals (in millions,excludes FASTA) ↑	\$67.9	\$91.7	\$710.0	\$45.7	\$53.9	Not Met
Percentage of CFO Act agencies with a completed GSA Customer Strategy ↑	N/A	N/A	100%	100%	100%	Achieved

In FY 2025, GSA successfully disposed of 89 properties, resulting in \$45.7 million in gross sales revenue. An additional \$137 million in revenue was generated by partnering with the Public Buildings Reform Board to sell off property through the Federal Assets Sale and Transfer Act (FASTA) program. While GSA did not achieve the desired target in FY 2025, the agency identified 45 new GSA-owned assets for accelerated disposition, which will continue to move underutilized and underperforming facilities out of our inventory and we anticipate a significant surge in dispositions in FY 2026. GSA's strategy is to dispose of underfunded, high-liability federally owned facilities and strategically invest our limited capital in core buildings necessary for the Federal Government's long term needs.

GSA collaborates with each CFO Act agency to develop a national real estate strategy, specifically tailored to help agencies improve their space utilization and reduce real estate costs.

The strategies include utilization improvements (including a focus on headquarters), innovative workplace solutions and designs, actions from project plans, and an evaluation of assets that no longer serve the needs of the Federal Government. GSA continues to revisit these customer strategies with partner agencies annually to ensure ongoing alignment with evolving needs and priorities.

## Strategic Goal Area #2: Acquisition

GSA leads Government-wide efforts to modernize procurement through innovative solutions, efficient operations, and market expertise. By optimizing resources and streamlining policy and operations, GSA will strengthen its role as an engine for conducting common-sense procurement that results in delivering measurable improvements in acquisition and long-term value for the Government and the American people.

Table 2: Key Performance Indicators for Acquisition

Measure	FY 2022 Results	FY 2023 Results	FY 2024 Results	FY 2025 Results	FY 2025 Target	Status
Multiple Award Schedule (MAS) sales (in billions) ↑	\$40.9	\$45.5	\$50.3	\$52.5	\$46.5	Achieved
Acquisition program savings delivered to FAS customers (in billions) ↑	\$6.8	\$6.7	\$6.8	\$7.1	\$7.1	Achieved

GSA continues to develop innovative solutions to leverage the buying power of the Government to drive savings for customer agencies. In FY 2025, GSA began taking actions to centralize procurement activities, including negotiating a number of agreements under the OneGov program. The Multiple Award Schedule (MAS) exceeded its FY 2025 sales target with over \$52 billion in volume, driven by modernization, data-driven tools, and alignment with government priorities. Streamlined processes, improved transparency, and stronger supply chain oversight have reinforced MAS as a trusted, cost-effective procurement channel.

GSA's acquisition programs achieved \$7.1 billion in savings for customer agencies in FY 2025, meeting the fiscal year target. Key contributors included the GSA City Pairs Program, GSA SmartPay® Refunds, IT savings, and Assisted Acquisition Service customer savings. With the centralization of procurement activities under the OneGov program and the evaluation of additional administrative savings, demand management savings, contract terminations and de-scoping efforts, FAS anticipates even greater cost avoidance in FY 2026.

# Financial Statement Summary and Analysis (Unaudited)

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

The charts below provide a summary of GSA's Financial Data including:

- Assets
- Liabilities
- Net Revenue from Operations
- Budgetary Resources

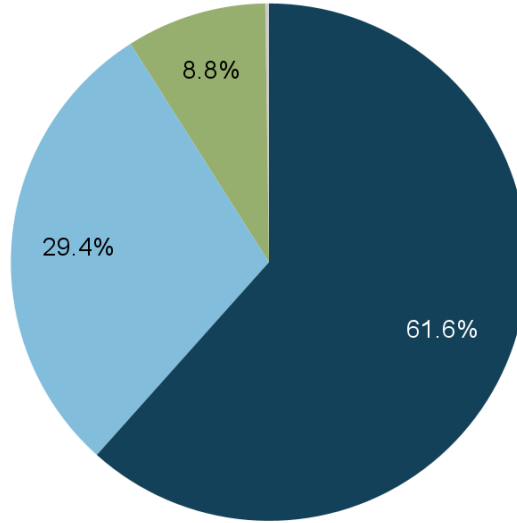
## Assets

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

In FY 2025, GSA recorded approximately \$86.5 billion in assets. This is a net decrease of approximately \$2.6 billion in assets. Significant changes in assets are attributable to reductions to FBwT and General Property, Plant and Equipment (PP&E) and RTU lease assets. The changes in FBwT were primarily due to a \$1.5 billion rescission warrant, authorized by Public Law 119–21, 139 Stat. 152, the One Big Beautiful Bill Act, H.R.1, Page 86, SEC 60015, 60020-60022.

**Assets**  
(Dollars in billions)

● General PP&E and RTU Assets, Net   
 ● Fund Balance with Treasury  
● Accounts Receivable, Net   
 ● Other (0.2%)

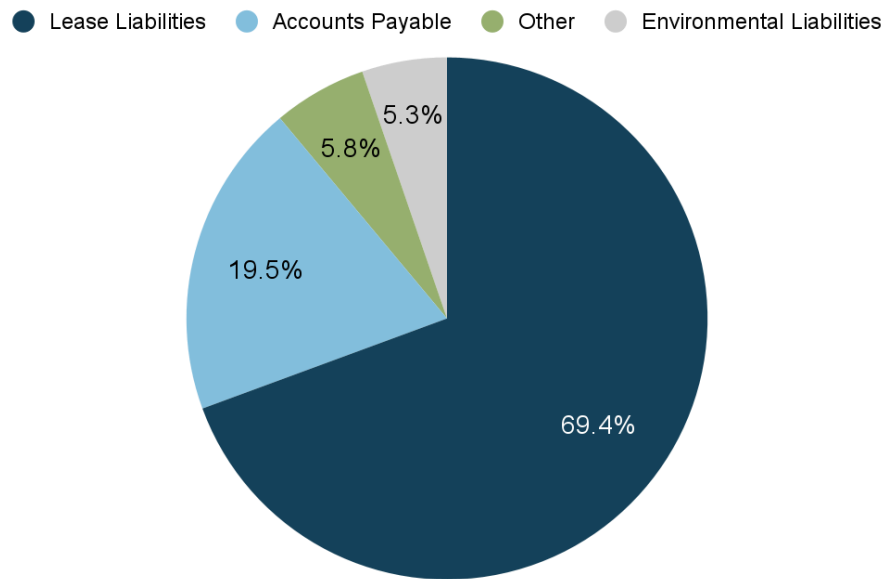


Assets	Amount
General PP&E and RTU Lease Assets, Net	\$53.3
Fund Balance with Treasury	25.4
Accounts Receivable, Net	7.6
Other Assets	0.2
<b>Total Assets</b>	<b>\$86.5</b>

## Liabilities

In FY 2025, total liabilities were \$37.9 billion, a net decrease of \$1.4 billion from the previous year. GSA liabilities are primarily amounts owed to commercial landlords, commercial vendors for goods and services received but not yet paid (Accounts Payable), amounts GSA owes to other federal entities, and long-term estimates of future environmental remediation costs.

Liabilities  
(Dollars in billions)



Liabilities	Amount
Lease Liabilities	\$26.3
Accounts Payable	7.4
Other Liabilities	2.2
Environmental Liabilities	2.0
<b>Total Liabilities</b>	<b>\$37.9</b>



## Net Revenue from Operations

The Consolidating Statements of Net Cost present the revenues and expenses incurred by providing goods and services to GSA's customers and executing GSA's programs, displayed by major business areas and activity. GSA reported approximately \$38.1 billion in revenue during FY 2025, which was matched by expenses of \$38.5 billion for net loss in FY 2025 of \$444 million.

From the Consolidating Statement of Net Cost  
(Dollars in billions)

	Total
Earned Revenue	\$38.1
Less: Operating Expenses	38.5
<b>Net Revenue from (Cost of) Operations</b>	<b>\$(0.4)</b>

GSA's Federal Buildings Fund (FBF) experienced a decrease of almost \$1.1 billion in Net Revenues from Operations – Building Operations – Government Owned since the previous year. This was partially offset by a decrease in FBF expenses and a modest increase in revenue for the Acquisition Services Fund (ASF).

The following table shows the FY 2025 revenue for GSA's Major business areas.

From the Consolidating Statement of Net Cost  
(Dollars in billions)

Business line	Revenue
Assisted Acquisition Services	\$19.6
Building Operations - Leased	6.7
Building Operations - Government Owned	5.5
Travel, Transportation and Logistics	3.4
General Supplies and Services	1.9
Information Technology	0.8
Other programs	1.3
Less Intra-GSA Eliminations	(1.1)
<b>Total Revenue</b>	<b>\$38.1</b>

The table below identifies PBS's top five customers that account for \$7.3 billion or 60 percent of the total revenue for the FBF.

FBF Customers	Revenue (\$ in millions)	% of Total FBF Revenue
Department of Justice	\$2,167	17.8%
Department of Homeland Security	2,146	17.6%
Judiciary	1,365	11.2%
Health and Human Services	811	6.7%
Social Security Administration	808	6.7%
All other customers (excluding Intra-GSA Eliminations)	4,862	40.0%
<b>Total Revenue</b>	<b>\$12,159</b>	<b>100.0%</b>

In the table below, the top five federal customers account for \$22.3 billion or 86.2 percent of the total revenue for the ASF. The Department of War is the largest customer, accounting for 74.7 percent.

ASF Customers	Revenue (\$ in millions)	% of Total ASF Revenue
Department of War	\$19,323	74.7%
Department of Homeland Security	1,397	5.4%
Health and Human Services	697	2.7%
Department of Justice	473	1.8%
Executive Office of the President	423	1.6%
All other customers (excluding Intra-GSA Eliminations)	3,563	13.8%
<b>Total Revenue</b>	<b>\$25,876</b>	<b>100.0%</b>

## Budgetary Resources

Of the \$55.8 billion in GSA's total budgetary resources reported on the Statement of Budgetary Resources (SBR) for FY 2025, the majority is derived from reimbursable spending authority. On GSA's SBR the appropriations line shows \$(1.2) billion which includes a rescission totalling \$1.5 billion and a current year direct appropriation of \$361 million.

Total Budgetary Resources by Fund  
(Dollars in billions)

GSA Fund	FY 2025	Percentage
Acquisition Services Fund	\$32.1	57.5%
Federal Buildings Fund	21.6	38.7%
Other Funds	2.1	3.8%
<b>Total Budget</b>	<b>\$55.8</b>	<b>100.0%</b>

### Limitations of Financial Statements

The financial statements are prepared to report the financial position, financial condition, and results of operations, consistent with the requirements of 31 U.S.C. § 3515(b). The statements are prepared from records of federal entities in accordance with federal generally accepted accounting principles (GAAP) and the formats prescribed by OMB. Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. Government.

# Analysis of Systems, Controls and Legal Compliance (Unaudited)

An effective internal control program helps the U.S. General Services Administration (GSA) safeguard Government resources and ensures that the agency efficiently and effectively fulfills its core mission and achieves its strategic goals.

The agency's senior internal control assessment team, the Management Control Oversight Council, chaired by GSA's Deputy Administrator, reviews and approves the enterprise internal control program and provides the leadership and oversight necessary for effective implementation of the agency's program.

GSA evaluates internal controls across the agency at various levels of the organization. Agency management is responsible for establishing goals and objectives around operating environments, ensuring compliance with relevant laws and regulations, and managing both expected and unanticipated events. Employees across the organization are responsible for understanding the controls applicable to their workflows and applying them in accordance with internal control guidance.

In FY 2025, GSA continued its efforts to increase and reinforce internal control compliance. The agency requires that employees take internal control training, which outlines applicable Office of Management and Budget (OMB) Circular A-123 standards and best practices and serves as a first line of defense. The mandatory employee internal control training was updated this year to include a greater emphasis on fraud awareness and risk management. GSA continued its partnership with the Office of Inspector General to deliver fraud risk training across the agency and increase general awareness on fraud risk red flags. This fiscal year, GSA revamped its internal control program to strengthen focus on operational risks and ensure increased accountability for risk mitigation across the enterprise. Additionally, GSA remained focused on resolving audit recommendations and implementing a more effective system of internal control agency-wide.

## Management's Responsibility for Enterprise Risk Management and Internal Controls

### Integration with Enterprise Risk

To better understand and anticipate enterprise risk, GSA identifies and assesses prospective threats to the organization annually. This includes an effort to integrate and effectively use information developed as part of OMB Circular A-123 internal controls assessments.

GSA's enterprise risk management policy statement highlights the importance of effective risk management in meeting its mission and established the Enterprise Risk and Strategic Initiatives (ERSI) Board. The ERSI Board is charged with implementing sound risk management across GSA and translating enterprise-level strategies into actionable initiatives. GSA will elevate the focus and resource dedicated to enterprise risk management in FY 2026.

## Procurement Management Review (PMR) Function

As part of GSA's internal controls, the Office of Government-wide Policy conducts procurement management reviews. These reviews assess the foundational components of the acquisition function, such as contract administration, performance-based contracting, acquisition planning, and effective contract pricing and negotiations. The insights gained from these reviews help identify best practices and challenges, ultimately aiming to eliminate waste and save taxpayer dollars.

For fiscal year 2025, the resources normally focused on Procurement Management Reviews (PMRs) were reallocated to directly support the acquisition transformational changes happening at GSA and across the Federal Government. PMR staff actively supported numerous business lines and Presidential initiatives and reviews that were planned or already in progress, such as Executive Orders [14271](#), [14222](#), and [14240](#).

The PMR division will continue to focus on activities that ensure the Administration's priorities and GSA's acquisition policies have a significant and lasting positive impact for the American public and the agency's stakeholders.

## Federal Managers' Financial Integrity Act of 1982

The Federal Managers' Financial Integrity Act of 1982 (FMFIA) requires that agencies establish internal controls and financial systems to provide reasonable assurance that the integrity of federal programs and operations is protected. It also requires the head of the agency to provide an annual assurance statement on whether the agency has met this requirement and whether any material weaknesses exist.

In response to FMFIA, GSA implemented processes to hold managers accountable for the performance, productivity, operations, and integrity of their programs through the use of internal controls. GSA's Office of the Chief Financial Officer (OCFO) continues to use an entity-level evaluation tool that incorporates the evaluation factors of the Government Accountability Office's (GAO) 5 components and 17 principles of internal control, and OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control.

All controls evaluated were operating as intended during FY 2025, except for the material weakness related to deficiencies in internal control over financial reporting.

## OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, Appendices A and D

Appendices A and D of OMB Circular A-123 require agencies to conduct an annual management assessment of internal control over reporting and financial systems. In FY 2025, OCFO continued to deploy an extensive methodology that assessed risk across key business processes and identified the related internal controls over reporting and financial systems.

The Appendix A risk assessment evaluated the results of the FY 2024 financial audit, the FY 2024 evaluation of GAO's 5 components and 17 principles of internal control, recent GAO

and Office of Inspector General audits, and management-identified priorities. In FY 2025, GSA assessed:

- Budget formulation
- Federal Acquisition Service accounts payable - procurement, accounts payable, and payments
  - Assisted Acquisition Service
  - Fleet procurement
- Public Buildings Service accounts payable - procurement, accounts payable, and payments
  - Contracting
  - Leasing
- Financial statement manual journal entries - continued due diligence from prior findings

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

- Assisted Services Shared Information System, or ASSIST - A program for streamlining and modernizing GSA's acquisition and financial processes.
- Enterprise Acquisition System Integrated, or EASi - A system of modules that enable acquisition and financial processes across GSA's business lines.
- HR Links - GSA's human resources system of record.
- Real Estate Across the United States, or REXUS - The system of record for real estate leases.
- GSAFleet.gov - A website that helps federal agencies manage their GSA vehicle fleets.
- Pegasys - GSA's core financial system of record.
- Order Management System - A web-based tool that gives industry partners visibility into their orders and enables automatic communication between GSA and its customers.

Key controls were evaluated for the appropriate design, operating effectiveness, and potential risk areas.

GSA's annual management assessment of internal control over reporting and financial systems for the areas identified above did not identify material weaknesses except for the material weakness related to deficiencies in internal control over financial reporting.

## GAO Standards for Internal Control in the Federal Government

The GAO requires agencies to assess whether their internal controls meet the standards outlined in the 5 components and 17 principles of internal control. GSA understands the five components of internal control must be effectively implemented and operating in an integrated manner for an internal control system to be effective.

To ensure compliance, in FY 2025, GSA continued to update an inventory of policies and procedures designed to support internal controls. These policies and procedures were mapped to the component and principle they support. Each year, GSA reviews new and existing policies and procedures in the inventory and updates the related mapping documentation as necessary. GSA annually tests the 5 components and 17 principles of internal control for compliance.

## Federal Financial Management Improvement Act of 1996

The Federal Financial Management Improvement Act of 1996 was designed to improve federal financial management and reporting by requiring that financial management systems comply substantially with three requirements:

- Federal financial management system requirements
- Applicable federal accounting standards
- The U.S. Standard General Ledger (USSGL) at the transaction level

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

## Information and Financial Management Systems Framework

The Chief Financial Officers Act of 1990 assigns responsibilities for planning, developing, maintaining, and integrating financial management systems to federal agencies. GSA currently maintains Pegasys, its core accounting system; the e-Payroll applications; and the general support applications on different hosting platforms. Overall, GSA's strategy is focused on improving the operations of these systems by consolidating platforms and licenses, increasing automation, migrating systems to cloud-based solutions, and modernizing legacy systems. These actions also enable GSA to reduce maintenance costs and provide more seamless support to the GSA financial community. Database encryption, the implementation of two-factor authentication for identity and access management, and the migration of more applications to a single sign-on solution help enhance the overall security posture of the agency's portfolio.

In FY 2025, GSA made the following modifications to internal systems:

- Pegasys, and the system used by commissions, agencies, and boards, the Multi-Tenant Shared Application, along with all subsystems and test regions, were fully migrated from the vendor's cloud data center to the Amazon Web Services (AWS) Cloud. A determination was made that the AWS Cloud environment would be the most secure approved solution for long-term stability and future growth while also being the most cost effective.
- Five financial and human resources applications were migrated to IdentityNow. IdentityNow simplifies identity governance, helping GSA automate user access and certification, enforce separation of duties, catalog policies, and better manage passwords. These applications include: ImageNow (Perceptive Content), Workiva (WDesk), Financial Management Enterprise Service Bus, HR Links, and GSAJobs.
- [GSAFleet.gov](https://www.gsa.gov/asset/gsa-fleet.gov) completed its five-year modernization that transformed the operations of GSA's Office of Fleet Management, improving operational efficiency and service delivery and ensuring strong compliance. During this journey, GSA replaced 20 disparate mainframe applications with a streamlined, cloud-native platform, utilizing modern cloud

technologies and robust security measures. Financial transactions were significantly modernized through new interfaces with Pegasys and upgraded Treasury systems and streamlined financial transactions related to vehicle purchasing, leasing, rental, billing, asset management, and claims. Key improvements included separating vehicle leasing and short-term rental for distinct billing purposes. This modernization also enabled GSA Fleet to comply with the Department of Treasury's three-way match, a requirement their legacy applications previously did not support. The upgraded process, integrated into the order process, enhances fraud prevention, budget accuracy, audit readiness, and financial controls for GSA and their customers. The result is improved financial management, reduced risk, and greater accountability.

- In support of Executive Order 14240, Eliminating Waste and Saving Taxpayer Dollars by Consolidating Procurement, GSA established the new Office of Centralized Acquisition Services to transfer existing contracts from customer agencies. As part of this effort, GSA implemented new automated data ingestion utilities features in ASSIST - FAS's enterprise-wide solution for interagency assisted acquisitions.
- The REXUS application, PBS' enterprise inventory and lease payment system, underwent a major enhancement which introduced substantial improvements in transaction processing and workflow management. The enhancements featured robust indigenous processing, an advanced workflow management framework, enhanced system performance and reliability, and a streamlined user experience.
- Corrective action plans for the FY 2024 Financial Systems Audit were implemented in FY 2025. These plans incorporated an access request process within Jira Service Manager and refined the annual recertification process along with access request archiving.

## Federal Information Security Modernization Act

GSA's cybersecurity program remains firmly aligned to the capability-driven metrics in the Federal Information Security Modernization Act (FISMA) evaluation process. These metrics set forth a maturity baseline for cybersecurity to enable more informed, risk-based decisions and to achieve observable security outcomes. The cybersecurity scores, which are derived from those FISMA metrics, represent the Federal Government's progress in achieving milestones outlined in Executive Order 14028, *Improving the Nation's Cybersecurity*, and implementing key cybersecurity measures. GSA has consistently received the highest ratings — Level 5 (on a 1 to 5 scale) — for its cybersecurity posture. In accordance with E.O. 14028, GSA protects its critical infrastructure and networks against cybersecurity threats.

To date, GSA IT has upgraded its legacy identity, credential, and access management technologies to platforms that support strong authentication and identity validation for the GSA workforce, industry partners, and public access. GSA strengthened its networks by shifting from a traditional, perimeter-based approach to moving security directly to the users, devices, applications, and data that access its networks. In addition, the GSA Security Operations Center



improved its visibility into GSA systems by expanding the scope and retention period of system logs, and by applying artificial intelligence and machine learning techniques to log analysis.

A benefit of modernizing the agency's capabilities is the improved user experience through a seamless global connection to GSA-managed environments and applications while also embracing zero-trust architecture principles. GSA will use the Cybersecurity and Infrastructure Security Agency's Zero Trust Maturity Model to inform future strategic enhancements to reduce overall cybersecurity risk.

## Digital Accountability and Transparency Act

The Federal Financial Accountability and Transparency Act of 2006 (FFATA) requires federal agencies to report obligations and award-related information for all federal financial assistance and procurement awards. The Digital Accountability and Transparency Act of 2014 (DATA Act) expands upon FFATA by adding U.S. Department of the Treasury account-level reporting. This includes reporting all Treasury Account Symbols that fund each award and contract transaction, budget authority, program activity, outlay, and budget object class, among other data elements. The DATA Act also requires the Federal Government to collectively standardize the financial data elements that are reportable under the act. In FY 2025, GSA provided monthly DATA Act submissions and certified those submissions each quarter, as required. This information is publicly accessible on the [USAspending website](#), which allows users to view how federal tax dollars are spent.

## Antideficiency Act

The Antideficiency Act (ADA), Public Law 97-258, 96 Stat. 923, prohibits federal agencies from incurring obligations or expending funds in advance or in excess of an appropriation. The law was initially enacted in 1884, with major amendments occurring in 1950 and 1982. It is now codified at 31 U.S.C. §§ 1341 and 1342.

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

GSA has identified a potential violation of the ADA in the Technology Modernization Fund (TMF) at the allotment level of \$2.2 million, which is below the apportionment level and two potential violations of the ADA in the Federal Citizen Services Fund (FCSF) at the allotment level, not at the apportionment level. In each of these cases, it appears that GSA did not exceed the amount of funding that was available to those activities from either interagency agreements with customers, appropriations from Congress, or apportionments from OMB.

GSA is finalizing these investigations for submission to OMB, including the official notification letters to the President, Congress, and GAO. GSA has already implemented a number of corrective actions to address these issues, such as placing additional controls in Pegasys, instituting a more robust review process for apportionments and allotments, updating standard operating procedures, and providing additional training to employees. In addition to the steps

already taken to prevent these violations from reoccurring, GSA is working on a holistic corrective action plan to improve GSA's budget control and oversight activities to prevent similar issues in the future.

## Statement of Assurance

The U.S. General Services Administration management is responsible for managing risks and maintaining effective internal controls to meet the objectives of Sections 2 and 4 of the Federal Managers' Financial Integrity Act. GSA conducted its assessment of risk and internal controls in accordance with the OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control. GSA management can provide reasonable assurance that internal controls over operations, reporting, and compliance were operating effectively as of September 30, 2025, except for one material weakness in financial reporting controls related to the preparation and review of GSA's Agency Financial Report (AFR).

GSA has assessed that it is in compliance with Federal financial management standards, as required by the Federal Financial Management Improvement Act of 1996 and OMB Circular A-123 Appendix D. GSA is confident that all systems substantially comply with the Federal financial management system requirements, Federal accounting standards promulgated by the Federal Accounting Standards Advisory Board, and with the U.S. Standard General Ledger at the transaction level as of September 30, 2025.



Michael J. Rigas  
Acting Administrator  
December 16, 2025

## Summary of Material Weakness

### Summary

Controls Over the Agency Financial Report (AFR) - In FY 2025, a material weakness was identified related to the preparation and review of GSA's AFR due to high attrition and process changes. GSA corrected the identified errors in its AFR prior to the final submission.

### Corrective Action Plan

To comprehensively address the identified deficiencies, GSA is committing to a strategic, three-pronged plan. This approach is designed to enhance the integrity, consistency, and efficiency of the financial statement and related note disclosure process. GSA will review and update the applicable standard operating procedures and will rewrite those to provide greater detail and clarity. The agency will also establish a multi-stage quality assurance process for draft AFR submissions and will acquire a financial reporting tool to automate the AFR compilation, reduce manual data entry errors, and provide immediate checks against compliance requirements.

## Forward-Looking Information (Unaudited)

GSA continuously looks for new ways to accomplish its mission to deliver the best customer experience and value in real estate, acquisition, and technology services to the Government and the American people. In FY 2025, GSA changed its evaluation of risk from a program-centric approach to an agency-wide approach. This enabled the agency to identify trends across the organization for broader and more effective risk identification and mitigation.

GSA prioritized the identification of operational risks through its risk assessment activities. The data GSA collected served as the baseline for the agency's operational risk register and informed the agency's risk profile. Below are some commonly identified risks with cross-cutting impacts and are the focus of the upcoming fiscal year's risk management efforts.

- **Organizational Resilience** - GSA has identified risks related to its ability to anticipate and respond to operational changes, whether internal or external, while maintaining continuity of mission-critical functions and safeguarding stakeholder confidence. In alignment with the agency's upcoming strategic plan, GSA will leverage technologies and streamlining processes to ensure business continuity and enable efficient and effective safeguards to preserve consumer trust. For example, GSA is rewriting the Federal Acquisition Regulation to make it easier to understand and implement, which will increase efficiency, reduce administrative burden, and eliminate barriers to commercial solutions. Additionally, GSA looks to right-size the federal footprint by disposing of underperforming and underutilized assets to be more efficient and responsive to customer needs.
- **IT Governance** - GSA is assessing risks related to its ability to implement and oversee IT structures, processes, and controls that align technology assets with operational needs, ensure continuity of service, and manage risks related to system performance, reliability, and compliance. Additionally, GSA is working to improve cybersecurity identification, deterrence, and protection against malicious actions and actors by implementing and continually improving its zero-trust architecture. The rise in commercially available spyware, ransomware, artificial intelligence, and advanced persistent threats forces agencies to remain agile in their responses. As part of its technology-focused strategic goal, GSA continues to enhance and adapt its policy and infrastructure, including the transition to an enterprise-wide data management solution to address long-standing data management challenges.
- **Planning and Resource Development** - GSA is working on the organization's ability to strategically plan, allocate, and manage financial, human, and physical resources to ensure efficient service delivery, adapt to shifting priorities, and maintain operational effectiveness under varying conditions.
- **Supply Chain Risks** - GSA is focused on its ability to manage end-to-end supply chain operations, mitigate third-party and logistical risks, and ensure the uninterrupted flow of goods and services necessary for mission execution and operational continuity. As the Federal Government's leading provider of acquisition services and schedules, GSA works closely with thousands of suppliers. The agency recognizes the threat posed by

supply chain disruptions and is working to mitigate the effects on mission execution. This includes keeping open communication with industry to support the implementation of new regulations and policies, informing customers about risks and impacts, leveraging Government resources, partnering with customers to reduce risk, and transferring risks that require high investments in capacity to customers.

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



U.S. General Services  
Administration

# Financials



U.S. GENERAL SERVICES ADMINISTRATION  
Office of Inspector General

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December 17, 2025

TO: MICHAEL J. RIGAS  
ACTING ADMINISTRATOR (A)

NIMISHA AGARWAL  
CHIEF FINANCIAL OFFICER (B)

FROM: ROBERT C. ERICKSON  
DEPUTY INSPECTOR GENERAL (J) **ROBERT ERICKSON**

Digitally signed by  
ROBERT ERICKSON  
Date: 2025.12.17  
11:50:14 -05'00'

SUBJECT: Independent Auditors' Report  
U.S. General Services Administration's  
Financial Statements – Fiscal Year 2025  
December 16, 2025

The Chief Financial Officers Act of 1990 (Public Law 101-576), as amended, requires the U.S. General Services Administration's (GSA's) Inspector General, or an independent external auditor, as determined by the Inspector General, to audit GSA's consolidated financial statements. Under a contract awarded by GSA and monitored by my office, KPMG LLP (KPMG), an independent public accounting firm, audited GSA's consolidated, Acquisition Services Fund (ASF), and Federal Buildings Fund (FBF) financial statements as of September 30, 2025.

The contract required KPMG to perform the audits in accordance with U.S. generally accepted government auditing standards; the Office of Management and Budget's Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*; and the U.S. Government Accountability Office *Financial Audit Manual*, which is maintained by the U.S. Government Accountability Office and the Council of the Inspectors General on Integrity and Efficiency.

This memorandum transmits KPMG's *Independent Auditors' Report on the U.S. General Services Administration's Financial Statements – Fiscal Year 2025*. The Fiscal Year 2025 audit resulted in an unmodified opinion on the financial statements. An unmodified opinion means that the consolidated, ASF, and FBF financial statements are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles.

In its audit of GSA's Fiscal Year 2025 financial statements, KPMG found:

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

- No instances in which GSA’s financial management systems did not substantially comply with the requirements of the Federal Financial Management Improvement Act of 1996; and
- No reportable noncompliance with provisions of laws tested.

However, KPMG identified a material weakness in the preparation and review of GSA’s Agency Financial Report (AFR). The auditors found that GSA did not effectively design and implement certain controls over the preparation of the AFR, as noted by errors found during the draft review process.

Details regarding KPMG’s conclusions are included in the “Opinions on the Financial Statements,” “Report on Internal Control Over Financial Reporting,” and “Report on Compliance and Other Matters” sections, as well as in Exhibit I of the audit report. Also, on December 16, 2025, KPMG issued a separate Management Letter to GSA regarding deficiencies in internal control and other less significant matters that came to its attention during the audit.

KPMG is responsible for the attached independent auditors’ report and the opinions and conclusions expressed therein. My office is responsible for technical and administrative oversight regarding KPMG’s performance under the terms of the contract.

To fulfill our oversight responsibilities under the Inspector General Act of 1978, as amended, to assure that KPMG complied with U.S. generally accepted government auditing standards, we performed a moderate level of review, which included:

- Evaluating the independence and qualifications of the firm and the auditors;
- Reviewing KPMG’s audit approach and planning documents;
- Monitoring the progress of the audits at key milestones;
- Performing periodic reviews of KPMG’s workpapers;
- Attending key meetings with GSA management and KPMG auditors to discuss audit progress, findings, and recommendations; and
- Performing other procedures that we deemed necessary.

In connection with the contract, we reviewed KPMG’s report and related documentation and inquired of its representatives. Our review, as differentiated from an audit of the financial statements in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, opinions on GSA’s financial statements, conclusions about the effectiveness of internal control over financial reporting, conclusions on whether GSA’s financial management systems substantially complied with the requirements of the Federal Financial Management Improvement Act, or opinions on compliance with laws and other matters. KPMG is responsible for the attached independent auditors’ report dated December 16, 2025, and the conclusions expressed therein. However, our review disclosed no instances where KPMG did not comply, in all material respects, with U.S. generally accepted government auditing standards.



I appreciate the courtesies and cooperation your office has extended to KPMG and my staff during the audits. If you have any questions, you may contact me at (202) 501-0450. If your staff needs any additional information, they may also contact R. Nicholas Goco, Assistant Inspector General for Auditing, at (202) 501-2322.

Attachment



KPMG LLP  
Suite 12000  
1801 K Street, NW  
Washington, DC 20006

## Independent Auditors' Report

Acting Administrator and Deputy Inspector General  
United States General Services Administration:

### Report on the Audits of the Financial Statements

#### *Opinions*

We have audited the consolidated financial statements of the U.S. General Services Administration (GSA), which comprise the consolidated balance sheet as of September 30, 2025, and the related consolidated statements of net cost and changes in net position and combined statement of budgetary resources for the year then ended, and the related notes to the consolidated financial statements (hereinafter referred to as "consolidated financial statements").

We have also audited the financial statements of the Acquisition Services Fund (ASF), which comprise the balance sheet as of September 30, 2025, and the related statements of net cost, changes in net position, and budgetary resources for the year then ended (presented in Schedules 1-4), and the related notes to the ASF financial statements (hereinafter referred to as "ASF financial statements").

We have also audited the financial statements of the Federal Buildings Fund (FBF), which comprise the balance sheet as of September 30, 2025, and the related statements of net cost, changes in net position, and budgetary resources for the year then ended (presented in Schedules 1-4), and the related notes to the FBF financial statements (hereinafter referred to as "FBF financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the U.S. General Services Administration as of September 30, 2025, and its net cost, changes in net position, and budgetary resources for the year then ended in accordance with U.S. generally accepted accounting principles.

In our opinion, the accompanying ASF financial statements present fairly, in all material respects, the financial position of the Acquisition Services Fund as of September 30, 2025, and its net cost, changes in net position, and budgetary resources for the year then ended in accordance with U.S. generally accepted accounting principles.

In our opinion, the accompanying FBF financial statements present fairly, in all material respects, the financial position of the Federal Buildings Fund as of September 30, 2025, and its net cost, changes in net position, and budgetary resources for the year then ended in accordance with U.S. generally accepted accounting principles.

#### *Basis for Opinions*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of GSA, ASF, and FBF and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Other Matter - Interactive Data*

Management has elected to reference to information on websites or other forms of interactive data outside the GSA's 2025 *Agency Financial Report* to provide additional information for the users of its consolidated, ASF, and FBF financial statements. Such information is not a required part of the consolidated, ASF, and FBF financial statements or supplementary information required by the Federal Accounting Standards Advisory Board. The information on these websites or the other interactive data has not been subjected to any of our auditing procedures, and accordingly we do not express an opinion or provide any assurance on it.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated, ASF, and FBF financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated, ASF, and FBF financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibilities for the Audits of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole, ASF financial statements as a whole, and FBF financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 24-02 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated, ASF, and FBF financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated, ASF, and FBF financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated, ASF, and FBF financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GSA's, ASF's, and FBF's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated, ASF, and FBF financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about GSA's, ASF's, or FBF's ability to continue as a going concern for a reasonable period of time.



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

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis and Required Supplementary Information sections referenced in the Table of Contents be presented to supplement the basic consolidated, ASF, and FBF financial statements. Such information is the responsibility of management and, although not a part of the basic consolidated, ASF, and FBF financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic consolidated, ASF, and FBF financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated, ASF, and FBF financial statements; and other knowledge we obtained during our audits of the basic consolidated, ASF, and FBF financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Management is responsible for the other information included in the GSA's 2025 *Agency Financial Report*. The other information comprises the GSA Websites, Table of Contents, Brief Overview of the Agency Financial Report, Letter from the Acting Administrator, Inspector General Transmittal Letter, and Other Information, but does not include the consolidated, ASF, and FBF financial statements and our auditors' report thereon. Our opinions on the consolidated, ASF, and FBF financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

#### *Supplementary Information*

Our audits were conducted for the purpose of forming opinions on the consolidated financial statements as a whole, ASF financial statements as a whole, and FBF financial statements as a whole. The information in the Other Funds and Intra-GSA Eliminations sections in the consolidating and combining financial statements in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the consolidated, ASF, or FBF financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated, ASF, and FBF financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated, ASF, and FBF financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated, ASF, and FBF financial statements or to the consolidated financial statements themselves, ASF financial statements themselves, and FBF financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole, ASF financial statements as a whole, and FBF financial statements as a whole.



## **Other Reporting Required by Government Auditing Standards**

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audits of the consolidated, ASF, and FBF financial statements as of and for the year ended September 30, 2025, we considered GSA's, ASF's, and FBF's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated, ASF, and FBF financial statements, but not for the purpose of expressing an opinion on the effectiveness of GSA's, ASF's, and FBF's internal control. Accordingly, we do not express an opinion on the effectiveness of GSA's, ASF's, and FBF's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in Exhibit I, we identified certain deficiencies in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Exhibit I to be a material weakness.

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the consolidated, ASF, and FBF financial statements as of and for the year ended September 30, 2025 are free from material misstatement, we performed tests of GSA's, ASF's, and FBF's compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the consolidated, ASF, and FBF financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 24-02.

We also performed tests of GSA's compliance with certain provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA). Providing an opinion on compliance with FFMIA was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances in which GSA's financial management systems did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

### ***GSA's Response to Finding***

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



*Purpose of the Other Reporting Required by Government Auditing Standards*

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the GSA's, ASF's, and FBF's internal control or compliance. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the GSA's, ASF's, and FBF's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, DC  
December 16, 2025

## **Independent Auditors' Report**

### **Exhibit I – Material Weakness**

#### **A. Deficiencies in Internal Control over Financial Reporting**

Internal control is the process designed, implemented, and maintained by management to provide reasonable assurance about the achievement of an entity's objectives, including those related to the reliability of financial reporting.

##### **Condition**

We noted that management did not have effectively designed and implemented controls over the preparation of GSA's consolidated financial statements. Specifically, during our review of the draft fiscal year 2025 consolidated financial statements, we identified several material errors in the financial statements and related note disclosures that were not detected and/or corrected during GSA management's review. For example:

- GSA incorrectly classified and reported \$61 million in the Combined Statement of Budgetary Resources as Apportioned, Unexpired Accounts instead of Unapportioned, Unexpired Accounts.
- Unused funds from expired appropriations returned to the U.S. Treasury were reported in Note 2(b) as \$22 billion instead of \$4 million.
- We noted several errors in Note 8, including the following:
  - Right-to-use lease assets were reported as \$30.5 billion instead of \$31.3 billion.
  - Lease liabilities were reported as \$26.3 billion instead of \$26.2 billion.
  - Accumulated amortization was reported as \$5.4 billion instead of \$6.3 billion.
  - Amortization expense was reported as \$2.4 billion instead of \$3.3 billion.
  - Lease interest expense was reported as \$962.5 million instead of \$1.3 billion.

These errors were corrected in the final fiscal year 2025 consolidated financial statements.

##### **Criteria**

The Government Accountability Office's *Standards for Internal Control in the Federal Government*, dated September 2014, Principle 7 – *Identify, Analyze, and Respond to Risks*; Principle 10 – *Design Control Activities*; Principle 12 – *Implement Control Activities*; Principle 16 – *Perform Monitoring Activities*.

##### **Cause**

GSA did not have detailed written policies and procedures addressing the preparation and review of the consolidated financial statements. In addition, GSA's risk assessment process did not identify change in control operators as a risk that required further considerations and additional controls.

##### **Effect**

In addition to the material misstatements noted in the Condition section above, without effectively designed and implemented management review controls over the preparation of the consolidated financial statements, there is an increased risk that other material misstatements in GSA's consolidated financial statements will not be prevented or detected and corrected in a timely manner.

**Recommendations**

We recommend that GSA:

1. Update its policies and procedures over the review of the consolidated financial statements to provide preparers and reviewers with more detailed procedures to support the accurate preparation and review of the consolidated financial statements.
2. Implement monitoring controls to determine that the consolidated financial statements reviews are performed and documented in accordance with GSA's policies and procedures.

**Management's Response**

GSA concurs with the overall finding and has noted, through its own risk assessment process, control deficiencies resulting from high staff attrition, which were further exacerbated by the discontinuation of a tool that automated the production of the financial footnotes.



# Consolidated Financial Statements

## Consolidated Balance Sheet

As of September 30, 2025

(Dollars in Millions)

Assets	GSA Consolidated
<b>Intragovernmental Assets</b>	
Fund Balance with Treasury (Notes 1-D, 2)	\$25,429
Accounts Receivable, Net (Note 4)	7,427
Advances and Prepayments	46
Other Assets (Note 5)	10
<b>Total Intragovernmental Assets</b>	<b>32,912</b>
<b>Other Than Intragovernmental Assets</b>	
Accounts Receivable, Net (Note 4)	167
Inventory and Related Property, Net	1
General PP&E and Right-to-Use Lease Assets, Net (Notes 1-E, 6)	53,298
Other Assets (Note 5)	155
<b>Total Other Than Intragovernmental Assets</b>	<b>53,621</b>
<b>Total Assets</b>	<b>86,533</b>
Stewardship Property, Plant, and Equipment (Note 6-F)	

The accompanying notes are an integral part of these statements.

## Consolidated Balance Sheet (Continued)

As of September 30, 2025

(Dollars in Millions)

Liabilities	GSA Consolidated
<b>Intragovernmental Liabilities</b>	
Accounts Payable	27
Advances From Others and Deferred Revenue	12
Other Liabilities (Note 9)	1,051
<b>Total Intragovernmental Liabilities</b>	<b>1,090</b>
<b>Other Than Intragovernmental Liabilities</b>	
Accounts Payable	7,366
Federal Employee Salary, Leave, and Benefits Payable (Note 15)	236
Pension and Post-Employment Benefits Payable (Notes 7, 15)	96
Environmental and Disposal Liabilities (Notes 6, 10-A)	1,993
Advances From Others and Deferred Revenue	8
<b>Other Liabilities:</b>	
Lease Liabilities	26,319
Other Liabilities (Note 9)	836
<b>Total Other Than Intragovernmental Liabilities</b>	<b>36,854</b>
<b>Total Liabilities (Note 11)</b>	<b>37,944</b>
Commitments and Contingencies (Notes 13-B, 10)	
<b>Net Position</b>	
<b>Unexpended Appropriations</b>	
Funds From Other Than Dedicated Collections	5,760
<b>Total Unexpended Appropriations (Consolidated)</b>	<b>5,760</b>
<b>Cumulative Results of Operations</b>	
Funds From Dedicated Collections (Notes 14, 20)	492
Funds From Other Than Dedicated Collections (Note 14)	42,337
<b>Total Cumulative Results of Operations (Consolidated)</b>	<b>42,829</b>
<b>Total Net Position</b>	<b>48,589</b>
<b>Total Liabilities and Net Position</b>	<b>\$86,533</b>

The accompanying notes are an integral part of these statements.

## Consolidated Statement of Net Cost

For the Fiscal Year ended September 30, 2025

(Dollars in Millions)

Major Business Area	Category	2025
Manage Building Operations	Earned Revenues	\$12,159
	Less: Operating Expenses	12,689
	Net Revenues from (Cost of) Operations	(530)
Provide Acquisition Services	Earned Revenues	25,876
	Less: Operating Expenses	25,366
	Net Revenues from (Cost of) Operations	510
Working Capital and General Funds	Earned Revenues	78
	Less: Operating Expenses	502
	Net Revenues from (Cost of) Operations	(424)
<b>GSA Consolidated Net Results</b>	Earned Revenues	38,113
	Less: Operating Expenses	38,557
	<b>Net Revenues from (Cost of) Operations</b>	<b>\$ (444)</b>

The accompanying notes are an integral part of these statements.

# Consolidated Statement of Changes in Net Position

For the Fiscal Year ended September 30, 2025

(Dollars in Millions)

	GSA Consolidated
Beginning Balance of Net Position	
Unexpended Appropriations	\$7,933
Cumulative Results of Operations	41,869
<b>Net Position Beginning Balance</b>	<b>49,802</b>
Changes in Unexpended Appropriation	
Appropriations Received	312
Appropriations Used	(873)
Appropriations Adjustments and Transfers (To) From Other Agencies or Funds	(1,612)
<b>Net Change in Unexpended Appropriations</b>	<b>(2,173)</b>
Results of Operations	
Net Revenues from (Cost of) Operations	(444)
Appropriations Used (Note 1-C)	873
Non-Exchange Revenue (Notes 1-C, 1-D)	200
Imputed Financing Provided By Others	263
Transfers of Financing Sources (To) From the U.S. Treasury	(45)
Transfers of Net Assets and Liabilities (To) From Other Federal Agencies	116
Other	(3)
<b>Net Change in Cumulative Results of Operations</b>	<b>960</b>
Ending Balance of Net Position	
Unexpended Appropriations	5,760
Cumulative Results of Operations	42,829
<b>Net Position Ending Balance</b>	<b>\$48,589</b>

The accompanying notes are an integral part of these statements.

# Combined Statement of Budgetary Resources

For the Fiscal Year ended September 30, 2025

(Dollars in Millions)

Budgetary Resources	GSA Combined
Unobligated Balance from Prior Year Budget Authority, Net (Note 13)	\$19,258
Appropriations	(1,183)
Spending Authority from Offsetting Collections	37,755
Total Budgetary Resources	55,830
<b>Status of Budgetary Resources</b>	
New Obligations and Upward Adjustments	41,896
Unobligated Balance, End of Period	
Apportioned, Unexpired Accounts	11,859
Unapportioned, Unexpired Accounts	2,028
Unexpired Unobligated Balance, End of Period	13,887
Expired Unobligated balance, End of Period	47
Unobligated Balance, End of Period, Total	13,934
Total Status of Budgetary Resources	55,830
<b>Outlays, Net</b>	
Net Outlays (Receipts) from Operating Activity	(169)
Distributed Offsetting Receipts	(207)
Total Net Agency Outlays (Receipts)	\$(376)

The accompanying notes are an integral part of these statements.

# Consolidating Financial Statements

## Consolidating Balance Sheets

Schedule 1

As of September 30, 2025

(Dollars in Millions)

Assets	FBF	ASF	Other Funds	Less: Intra-GSA Eliminations	GSA Consolidated
<b>Intragovernmental Assets</b>					
Fund Balance with Treasury (Notes 1-D, 2)	\$21,557	\$2,314	\$1,558	\$—	\$25,429
Accounts Receivable, Net (Note 4)	309	6,957	256	(95)	7,427
Advances and Prepayments	20	—	26	—	46
Other Assets (Note 5)	10	—	—	—	10
<b>Total Intragovernmental Assets</b>	<b>21,896</b>	<b>9,271</b>	<b>1,840</b>	<b>(95)</b>	<b>32,912</b>
<b>Other Than Intragovernmental Assets</b>					
Accounts Receivable, Net (Note 4)	4	162	1	—	167
Inventory and Related Property, Net	1	—	—	—	1
General PP&E and Right-to-Use Lease Assets, Net (Notes 1-E, 6)	47,717	5,564	17	—	53,298
Other Assets (Note 5)	128	27	—	—	155
<b>Total Other Than Intragovernmental Assets</b>	<b>47,850</b>	<b>5,753</b>	<b>18</b>	<b>—</b>	<b>53,621</b>
<b>Total Assets</b>	<b>69,746</b>	<b>15,024</b>	<b>1,858</b>	<b>(95)</b>	<b>86,533</b>
Stewardship Property, Plant, and Equipment (Note 6-F)					

The accompanying notes are an integral part of these statements.

# Consolidating Balance Sheets (continued)

## Schedule 1

As of September 30, 2025

(Dollars in Millions)

Liabilities	FBF	ASF	Other Funds	Less: Intra-GSA Eliminations	GSA Consolidated
<b>Intragovernmental Liabilities</b>					
Accounts Payable	31	48	35	(87)	27
Advances From Others and Deferred Revenue	—	—	12	—	12
Other Liabilities (Note 9)	1,001	27	31	(8)	1,051
<b>Total Intragovernmental Liabilities</b>	<b>1,032</b>	<b>75</b>	<b>78</b>	<b>(95)</b>	<b>1,090</b>
<b>Other Than Intragovernmental Liabilities</b>					
Accounts Payable	930	6,421	15	—	7,366
Federal Employee Salary, Leave, and Benefits Payable (Note 15)	91	80	65	—	236
Pension and Post-Employment Benefits Payable (Notes 7, 15)	50	17	29	—	96
Environmental and Disposal Liabilities (Notes 6, 10-A)	1,991	—	2	—	1,993
Advances From Others and Deferred Revenue	7	1	—	—	8
Other Liabilities:					
Lease Liabilities	26,319	—	—	—	26,319
Other Liabilities (Note 9)	784	8	44	—	836
<b>Total Other Than Intragovernmental Liabilities</b>	<b>30,172</b>	<b>6,527</b>	<b>155</b>	<b>—</b>	<b>36,854</b>
<b>Total Liabilities (Note 11)</b>	<b>31,204</b>	<b>6,602</b>	<b>233</b>	<b>(95)</b>	<b>37,944</b>
Commitments and Contingencies (Notes 13-B, 10)					

The accompanying notes are an integral part of these statements.

# Consolidating Balance Sheets (continued)

## Schedule 1

As of September 30, 2025

(Dollars in Millions)

Net Position	FBF	ASF	Other Funds	Less: Intra-GSA Eliminations	GSA Consolidated
<b>Unexpended Appropriations</b>					
Funds From Other Than Dedicated Collections	4,875	93	792	—	5,760
<b>Total Unexpended Appropriations (Consolidated)</b>	<b>4,875</b>	<b>93</b>	<b>792</b>	<b>—</b>	<b>5,760</b>
<b>Cumulative Results of Operations</b>					
Funds From Dedicated Collections (Notes 14, 20)	—	—	489	3	492
Funds From Other Than Dedicated Collections (Note 14)	33,667	8,329	344	(3)	42,337
<b>Total Cumulative Results of Operations (Consolidated)</b>	<b>33,667</b>	<b>8,329</b>	<b>833</b>	<b>—</b>	<b>42,829</b>
<b>Total Net Position</b>	<b>38,542</b>	<b>8,422</b>	<b>1,625</b>	<b>—</b>	<b>48,589</b>
<b>Total Liabilities and Net Position</b>	<b>\$69,746</b>	<b>\$15,024</b>	<b>\$1,858</b>	<b>\$(95)</b>	<b>\$86,533</b>

The accompanying notes are an integral part of these statements.



# Consolidating Statements of Net Cost

For the Fiscal Year ended September 30, 2025

(Dollars in Millions)

## Schedule 2

	Revenues	Expenses	Net Revenues from (Cost of) Operations
<b>Manage Building Operations</b>			
Building Operations - Government Owned	\$5,537	\$5,352	\$185
Building Operations - Leased	6,661	7,407	(746)
<b>Subtotal</b>	<b>12,198</b>	<b>12,759</b>	<b>(561)</b>
<b>Provide Acquisition Services</b>			
General Supplies and Services	1,954	1,929	25
Travel, Transportation, and Logistics	3,357	2,918	439
Information Technology	772	708	64
Assisted Acquisition Services	19,593	19,466	127
Professional Services and Human Capital	136	160	(24)
Centralized Acquisition Services	45	54	(9)
Other Programs	205	343	(138)
<b>Subtotal</b>	<b>26,062</b>	<b>25,578</b>	<b>484</b>
<b>Working Capital and General Funds</b>			
Working Capital Fund	885	881	4
Other General Funds	64	499	(435)
<b>Subtotal</b>	<b>949</b>	<b>1,380</b>	<b>(431)</b>
<b>Intra-GSA Eliminations</b>			
Less: Intra-GSA Eliminations	1,096	1,160	(64)
<b>GSA Consolidated Totals</b>	<b>\$38,113</b>	<b>\$38,557</b>	<b>\$(444)</b>

The accompanying notes are an integral part of these statements.

# Consolidating Statements of Changes in Net Position

## Schedule 3

For the Fiscal Year ended September 30, 2025

(Dollars in Millions)

	FBF	ASF	Other Funds	Less: Intra-GSA Eliminations	GSA Consolidated
<b>Beginning Balance of Net Position</b>					
Unexpended Appropriations	\$6,909	\$86	\$938	\$—	\$7,933
Cumulative Results of Operations	33,483	7,721	665	—	41,869
<b>Net Position Beginning Balance</b>	<b>40,392</b>	<b>7,807</b>	<b>1,603</b>	<b>—</b>	<b>49,802</b>
<b>Changes in Unexpended Appropriations</b>					
Appropriations Received	—	—	312	—	312
Appropriations Used	(504)	(20)	(349)	—	(873)
Appropriations Adjustments and Transfers (To) From Other Agencies or Funds	(1,530)	27	(109)	—	(1,612)
<b>Net Change in Unexpended Appropriations</b>	<b>(2,034)</b>	<b>7</b>	<b>(146)</b>	<b>—</b>	<b>(2,173)</b>
<b>Results of Operations</b>					
Net Revenues from (Cost of) Operations	(561)	484	(431)	(64)	(444)
Appropriations Used (Note 1-C)	504	20	349	—	873
Non-Exchange Revenue (Notes 1-C, 1-D)	5	—	195	—	200
Imputed Financing Provided By Others	127	102	98	64	263
Transfers of Financing Sources (To) From the U.S. Treasury	—	—	(45)	—	(45)
Transfers of Net Assets and Liabilities (To) From Other Federal Agencies	109	1	6	—	116
Other	—	1	(4)	—	(3)
<b>Net Change in Cumulative Results of Operations</b>	<b>184</b>	<b>608</b>	<b>168</b>	<b>—</b>	<b>960</b>
<b>Ending Balance of Net Position</b>					
Unexpended Appropriations	4,875	93	792	—	5,760
Cumulative Results of Operations	33,667	8,329	833	—	42,829
<b>Net Position Ending Balance</b>	<b>\$38,542</b>	<b>\$8,422</b>	<b>\$1,625</b>	<b>\$—</b>	<b>\$48,589</b>

The accompanying notes are an integral part of these statements.

# Combining Statements of Budgetary Resources

Schedule 4

For the Fiscal Year ended September 30, 2025

(Dollars in Millions)

Budgetary Resources	FBF	ASF	Other Funds	GSA Combined
Unobligated Balance from Prior Year Budget Authority, Net (Note 13)	\$12,761	\$5,755	\$742	\$19,258
Appropriations	(1,530)	—	347	(1,183)
Spending Authority from Offsetting Collections	10,338	26,385	1,032	37,755
<b>Total Budgetary Resources</b>	<b>21,569</b>	<b>32,140</b>	<b>2,121</b>	<b>55,830</b>
<b>Status of Budgetary Resources</b>				
New Obligations and Upward Adjustments	12,379	28,275	1,242	41,896
Unobligated Balance, End of Period				
Apportioned, Unexpired Accounts	9,159	2,260	440	11,859
Unapportioned, Unexpired Accounts	31	1,605	392	2,028
Unexpired Unobligated Balance, End of Period	9,190	3,865	832	13,887
Expired Unobligated balance, End of Period	—	—	47	47
Unobligated Balance, End of Period, Total	9,190	3,865	879	13,934
<b>Total Status of Budgetary Resources</b>	<b>21,569</b>	<b>32,140</b>	<b>2,121</b>	<b>55,830</b>
<b>Outlays, Net</b>				
Net Outlays (Receipts) from Operating Activity	(345)	(165)	341	(169)
Distributed Offsetting Receipts	—	—	(207)	(207)
<b>Total Net Agency Outlays (Receipts)</b>	<b>\$(345)</b>	<b>\$(165)</b>	<b>\$134</b>	<b>\$(376)</b>

The accompanying notes are an integral part of these statements.

# Notes to the Financial Statements

(For the Year Ended September 30, 2025)

General Services Administration (GSA) was created by the Federal Property and Administrative Services Act of 1949, as amended. Congress enacted this legislation to provide the Federal Government an economic and efficient system for the procurement and supply of personal property and non-personal services, the utilization of excess property, the disposal of surplus property, and records management.

The Administrator of General Services, appointed by the President of the United States and confirmed by the U.S. Senate, oversees the operations of GSA. GSA carries out its responsibilities through the use of both annual appropriations and revolving funds.

## 1. Significant Accounting Policies

### A. Reporting Entity

GSA presents consolidated and consolidating balance sheets, consolidated and consolidating statements of net cost, consolidated and consolidating statements of changes in net position, and combined and combining statements of budgetary resources. The consolidating and combining formats display GSA's two largest components, the Federal Buildings Fund (FBF) and the Acquisition Services Fund (ASF). All other entities are combined under Other Funds.

The FBF is the primary fund used to record the activities of the Public Buildings Service (PBS). The ASF is the primary fund used to record the activities of the Federal Acquisition Service (FAS).

In accordance with the Federal Accounting Standards Advisory Board's (FASAB) Statement of Federal Financial Accounting Standards (SFFAS) 47, *Reporting Entity*, requirement to report disclosure entities and related parties, GSA conducted a thorough review of all non-federal relationships across all business lines and concluded that there are no relationships requiring disclosure as a consolidation entity, disclosure entity, or related party entity.

GSA's accompanying financial statements include the accounts of all funds that have been established and maintained to account for resources under the control of GSA management. The entities included in the Other Funds category are described below, together with a discussion of the different fund types.

Revolving Funds are accounts established by law to finance a continuing cycle of operations with receipts derived from such operations usually available in their entirety for use by the fund without further action by Congress. Revolving Funds may also receive funds from appropriations. Both the FBF and the ASF are large revolving funds; however, receipts in the FBF are generally subject to further action by Congress and, as such, the FBF is a quasi-revolving fund. The revolving funds in the Other Funds category consist of the following:

- Federal Citizen Services Fund (FCSF)
- Working Capital Fund (WCF)

General Funds are accounts used to record financial transactions arising under congressional appropriations or other authorizations to spend general revenues. GSA manages 19 General Funds. Six of these General Funds are funded by 1-year appropriations; five by no-year appropriations; three by multi-year appropriations; and five are budget clearing accounts that temporarily hold collections until a more appropriate fund can be determined. The General Funds included in the Other Funds category are as follows:

- Allowances and Office Staff for Former Presidents
- Budget Clearing Account – Broker Rebates
- Budget Clearing Account – Proceeds of Sales, Personal Property
- Budget Clearing Account – Real Property
- Budget Clearing Account – Suspense
- Budget Clearing Account – Undistributed Intragovernmental Payments
- Civilian Board of Contract Appeals
- Civilian Board of Contract Appeals – No-Year
- Excess and Surplus Real and Related Personal Property Holding Account
- Expenses, Government-wide Policy
- Expenses, Government-wide Policy – Multi-Year
- Expenses, Presidential Transition
- Pre-election Presidential Transition
- Office of Inspector General
- Office of Inspector General – No-Year
- Operating Expenses, GSA
- Real Property Relocation
- Technology Modernization Fund (TMF) – No-Year
- Technology Modernization Fund (TMF) – Multi-Year

Special and Trust Funds are accounts established for receipts dedicated by law for a specific purpose, but are not generated by a cycle of operations for which there is continuing authority to reuse such receipts. In accordance with FASAB SFFAS 43, *Funds from Dedicated Collections: Amending Statement of Federal Financial Accounting Standards 27, Identifying and Reporting Earmarked Funds*, these special and trust funds are classified as funds from dedicated collections. GSA uses special fund receipts to pay certain costs associated with the disposal of surplus real property, for funding of the Transportation Audits program, and to fund the Acquisition Workforce Training program. GSA has one trust fund with authority to accept unconditional gifts of property in aid of any project or function within its jurisdiction. GSA's special and trust funds consist of the following:

- Asset Proceeds and Space Management Fund
- Expenses, Acquisition Workforce Training Fund
- Expenses, Disposal of Surplus Real and Related Personal Property
- Expenses, Transportation Audit Contracts and Contract Administration
- Other receipts, Surplus Real and Related Personal Property
- Receipts, Acquisition Workforce Training Fund
- Receipts of Rent, Leases and Lease Payments for Government-Owned Real Property
- Receipts, Transportation Audit Contracts and Contract Administration

- Transfers of Surplus Real and Related Personal Property Receipts
- Unconditional Gifts of Real, Personal, or Other Property

Miscellaneous Receipt and Deposit Funds are considered non-entity accounts since GSA management does not exercise control over how the monies in these accounts can be used. Miscellaneous receipt fund accounts hold receipts and accounts receivable resulting from miscellaneous activities of GSA where, by law, such monies may not be deposited into funds under GSA management control. The U.S. Department of the Treasury (U.S. Treasury) automatically transfers all cash balances in these receipt accounts to the general fund of the U.S. Treasury at the end of each fiscal year. Deposit fund accounts hold monies outside the budget. Accordingly, their transactions do not affect budget surplus or deficit.

These accounts include:

- Deposits received for which GSA is acting as an agent or custodian
- Unidentified remittances
- Monies withheld from payments for goods and services received
- Monies whose distribution awaits a legal determination or investigation

The receipt and deposit funds in the Other Funds category consist of the following:

- Advances without orders from non-federal sources
- Fines, penalties, and forfeitures, not otherwise classified
- Forfeitures of unclaimed money and property
- General fund proprietary interest, not otherwise classified
- General fund proprietary receipts, not otherwise classified, all other
- Other earnings from business operations and intragovernmental revolving funds
- Proceeds from sale of surplus property
- Small escrow amounts
- Special and trust fund proprietary receipts returned to the general fund of the U.S. Treasury
- Withheld state and local taxes

## B. Basis of Accounting and Presentation

The principal financial statements are prepared from the books and records of GSA, in accordance with generally accepted accounting principles (GAAP) as promulgated by the FASAB and the Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, in all material respects. FASAB SFFAS 34, *The Hierarchy of Generally Accepted Accounting Principles, including the Application of Standards Issued by the Financial Accounting Standards Board*, established the hierarchy of GAAP for federal financial statements.

The consolidated balance sheet presents the financial position of GSA using a format segregating intragovernmental balances. The consolidated statement of net cost presents the operating results of the FBF, ASF, and Other Fund functions, as well as GSA consolidated operating results as a whole. The consolidated statement of changes in net position displays the changes in cumulative results of operations and unexpended appropriations. The combined

statement of budgetary resources (CSBR) presents the sources, status, and uses of GSA budgetary resources.

Transactions are recorded on both an accrual and budgetary basis. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when incurred without regard to receipt or payment of cash. Budgetary accounting principles, on the other hand, are designed to facilitate compliance with legal requirements and controls over the use of federal funds.

GSA reconciles all intragovernmental fiduciary transaction activity and works with agency partners to reduce significant or material differences in conformance with the U.S. Treasury's Federal Entity Reporting Requirements for the Financial Report of the United States Government and requirements of OMB Circular A-136. On the consolidated balance sheet, consolidated statement of net cost, and consolidated statement of changes in net position, all significant intra-agency balances are eliminated in consolidation. Additionally, adjustments are applied to eliminate GSA's intra-fund activity on the applicable financial statements. No such eliminations are made on the CSBR.

On the consolidating statements of net cost, intra-GSA eliminations of revenue and expenses are displayed separately, and results displayed as FBF, ASF, and Other Funds reflect the full amounts of such balances that flowed through those funds. Certain amounts of expenses eliminated on the consolidating statements of net cost are imputed costs for which the matching resource is not revenue on this statement, but imputed resources provided by others, displayed on the consolidating statements of changes in net position. Accordingly, on the consolidating statements of net cost, the revenue and expense eliminations do not match. The consolidating statements of changes in net position display the offsetting balances between these categories.

Certain goods and services are received from other federal entities at no cost or at a cost less than the full cost to the providing federal entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed are recognized by the benefactor, GSA, as imputed costs, and are offset by imputed financing sources. Such imputed costs and financing sources relate to business-type activities (if applicable), employee benefits, and claims to be settled by the U.S. Treasury Judgment Fund. However, unreimbursed costs of goods and services other than those identified above are not included in the financial statements.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Operating expenses and related accounts payable accruals and estimates are recorded in the period goods or services are received.

Accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.



## C. Revenue Recognition and Appropriations Used

Substantially all revenues reported by GSA funds on the consolidated statement of net cost are generated from intragovernmental sales of goods and services, with less than 3 percent of revenues earned from non-federal customers for the fiscal year ended September 30, 2025. In FY 2025 the non-federal revenues earned by ASF are significantly larger than those earned by FBF. Expenses are primarily incurred with non-federal entities supplying the underlying goods and services being provided to GSA and its federal customers. Each revolving fund has established rate-setting processes governed by the laws authorizing its activities. In most cases, the rates charged are intended to cover the full cost that GSA funds will pay for such goods and services and to provide capital maintenance. In accordance with the governing laws, rates are generally not designed to recover imputed costs not borne by GSA, but covered by other funds or entities of the U.S. Government, such as for post-employment costs. As the amount of services provided to non-federal customers is generally insignificant, maintaining separate rate structures for these customers to recover imputed costs is not warranted.

Generally, revolving fund and reimbursable general fund revenue is recognized when goods have been delivered or services rendered.

In the FBF, rent revenues are earned based on occupancy agreements (OA) with federal customers and a small percentage from outlease agreements with non-federal customers as space and services are provided. Federal Agencies housed in buildings leased by GSA are generally billed at rates to recover the cost of that space. In some instances, special rates are arranged in accordance with congressional guidance or other authorized purposes. Most agencies using funding from trust funds have rent rates set to recover full cost. For revenue under non-recurring reimbursable building repairs and alterations (R&A) projects, GSA charges customers the actual cost and, as a result, revenues are generally earned to match the costs incurred.

In the ASF, General Supplies and Services (GS&S) revenues are recognized when goods are provided to customers. In the Travel, Transportation and Logistics portfolio, vehicle acquisition revenues are recognized when goods are provided. Vehicle leasing revenues are recognized based on rental arrangements over the period vehicles are dispatched. Assisted Acquisition Services revenues are recognized when goods or services are provided. Information Technology revenues are earned when goods or services are provided or as reimbursable project costs are incurred. Telecommunications service revenues are generally recognized based on customer usage or on fixed line rates. Fee revenues in the GSA Schedules programs are earned from non-federal vendors based on estimated and actual usage of GSA contracting vehicles by other agencies. The Schedules program generated \$507 million in fees, constituting 2 percent of ASF revenues in FY 2025.

The Working Capital Fund charges fees based on a fee schedule established through an annual rate-setting process performed collaboratively with customers. The rate-setting process is generally designed to provide revenues sufficient to match the spending that will be incurred for the goods, services, and resources provided to customers and also provides information to customers to assist in their resource management.



Non-Exchange Revenues are recognized on an accrual basis on the consolidated statement of changes in net position for sales of surplus real property, reimbursements due from the audit of payments to transportation carriers, and other miscellaneous items resulting from GSA operations where ultimate collections must be deposited in miscellaneous receipt accounts of the U.S. Treasury.

Appropriations used for General Fund activities are recorded as a financing source on the consolidated statement of changes in net position when expended. Unexpended appropriations are reported as an element of net position on the consolidated balance sheet.

## D. Fund Balance with the U.S. Treasury (See Note 2)

This total represents all unexpended balances for GSA accounts with the U.S. Treasury. Substantially all balances of Fund Balance with Treasury (FBwT) are available to GSA management to execute the authorities provided by its funds. Fund authorities restrict the use of collections to specific purposes in the following instances.

GSA acts as a disposal agent for surplus federal real and personal property. Under GSA statutory authorities, the gross proceeds from some sales are deposited in GSA Special Fund receipt accounts and recorded as Non-Exchange Revenues in the consolidated statement of changes in net position. A portion of these proceeds is subsequently transferred to a special fund to finance expenses incurred in disposing of surplus real property. Under section 412 of the GSA General Provisions, Consolidated Appropriations Act, 2005 (Public Law No. 108-447) (Section 412), GSA is authorized to retain the net proceeds from the disposition of real property under the jurisdiction, custody and control of GSA to be used for GSA's real property capital needs as authorized in annual appropriation acts. The remainder is periodically accumulated and transferred, by law, to the Land and Water Conservation Fund, which is administered by the U.S. Department of the Interior.

## E. General PP&E and Right-to-Use Lease Assets (See Note 6)

In FY 2025, GSA raised its capitalization threshold from \$10,000 to \$100,000 for purchases of equipment and related personal property assets with the exception of internal use software and vehicles acquired by the FAS fleet leasing program. Property and equipment purchases meeting their respective thresholds and having a useful life of two or more years, are capitalized and valued at cost. Property and equipment transferred to GSA from other federal agencies on the date GSA was established is stated at the transfer value, which approximates historical cost. Subsequently, equipment transferred to GSA is stated at net book value and surplus real and related personal property transferred to GSA is stated at the lower of net book value or appraised value.

Expenditures for major additions, replacements and alterations to real property of \$50,000 or more are capitalized. Depreciation and amortization of property and equipment are calculated on a straight-line basis over their initial or remaining useful lives. Leasehold Improvements are amortized over the lesser of their useful lives, generally five years, or the unexpired lease or OA term. It is GSA policy to reclassify capitalized costs of construction in process into the Buildings

accounts upon project completion. Buildings acquired through purchase or construction are depreciated over 30 years. Major and minor building renovation projects carry estimated useful lives of 20 years and 10 years, respectively.

Right-to-Use Assets are measured by the initial lease liability plus any applicable costs such as those required to place the lease into service or payments made to the lessor prior to the commencement of the lease term. Right-to-Use Assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

In compliance with paragraphs 11 and 20-31 of FASAB Technical Bulletin 2023-1, *Intragovernmental Leasehold Reimbursable Work Agreements*, GSA as the provider-lessor capitalizes costs associated with building shell reimbursable projects such as base-building systems, elevator upgrade, and fire and life safety improvements. Capitalized building costs are depreciated as an expense over the useful life of the building or improvement, while unearned intragovernmental reimbursable work revenues are earned as revenue via amortization over the term of the related building lease with the customer.

GSA maintains a fleet of motor vehicles for lease to other federal agencies to meet their operational needs, with monthly billings rendered to recover program costs. The various vehicle types are depreciated over a general range of 4 to 12 years.

In accordance with FASAB SFFAS 10, *Accounting for Internal Use Software*, capitalization of software development costs or commercial off-the-shelf software having a useful life of two years or more is required. With implementation of this standard, GSA adopted minimum dollar thresholds required before capitalization would be warranted. For the FBF, this minimum threshold is \$1 million. For all other funds, it is \$250,000. Once completed, software is depreciated over an estimated useful life determined on a case-by-case basis, ranging from 3 to 10 years.

GSA also has Other Equipment which is made up of group assets and non-group assets. These assets collectively cost \$100,000 or more per purchase order, contract, or other similar acquisition and have useful lives that range from 3 to 15 years.

## F. Annual, Sick, and Other Types of Leave

Annual leave liability is accrued as it is earned and the accrual is reduced as leave is taken. Each year, the balance in the accrued annual leave account is adjusted to reflect current pay rates. Sick leave and other types of non-vested leave are expensed as taken.

## G. Leases (See Note 8)

SFFAS 54, *Leases*, requires federal reporting entities to report a right-to use (RTU) lease asset and a lease liability for non-intragovernmental, non-short-term contracts or agreements, when the entity has the right to obtain and control access to economic benefits or services from an underlying property, plant, or equipment asset for a period of time greater than two years in exchange for consideration under the terms of the contract or agreement. GSA's activities include both acquisition of space via leases where GSA is considered a lessee (building space or equipment rentals acquired via lease), and rental of GSA properties to other agencies or

entities as a lessor (such as PBS occupancy agreements and FAS Fleet Leasing). As of September 30, 2025, 7,168 real property leases were classified as RTU leases and 182 leases are either short-term or intragovernmental leases. GSA expects that at the expiration of the short-term leases, the majority will be replaced with longer-term right-to-use leases.

The evaluation and determination of the lease term includes consideration of all renewal options, termination options, and purchase options and includes or excludes such options based on the likelihood of the options being exercised. Option periods will be included in a lease term when it is considered probable, defined as greater than 50 percent likelihood, that GSA will exercise an extension or renewal option, based on information on-hand when signing a lease arrangement (or when modifying an existing lease). For GSA's real property leases, it is generally considered probable that all extension or renewal options will be exercised.

Leasing arrangements that transfer ownership at the end of the term are considered financed sales and do not apply the accounting treatments prescribed for the classifications listed above. When GSA enters into a sublease agreement, the original lease and the sublease will be accounted for as separate transactions.

GSA elected to utilize the transitional accommodation period allowed by SFFAS 62, *Transitional Amendment to SFFAS 54*, to treat contracts or agreements containing potential embedded leases as non-lease contracts or agreements through FY 2026.

Additional details on SFFAS 54 are available in Footnote 8.

## H. Changes in Presentation

In 2025, GSA adopted a single-year presentation in compliance with the updated requirements outlined in OMB Circular A-136. Financial statements and their accompanying notes no longer compare current year with prior year values.

## 2. Fund Balance with Treasury

### A. Reconciliation to U.S. Treasury & Relationship to the Budget

As of September 30, 2025, there were no material differences between FBwT amounts reported by GSA and those reported to the U.S. Treasury. Consistent with SFFAS 1, *Accounting for Selected Assets and Liabilities*, the following information details those FBwT amounts by differentiating between amounts against which obligations were made and unobligated balances. This further clarifies which amounts are available for future expenditures and which are designated solely for liquidating prior obligations.

In the FBF, amounts of FBwT — shown below as Unobligated Balance, Unavailable — include a combination of balances recorded as Resources Temporarily Unavailable and Unobligated Balance Not Available. Also, in two instances, the portion of FBwT presented below as unobligated balances will not equal related amounts reported on the CSBR. In the FBF, the CSBR unobligated balances include resources associated with borrowing authority for which actual funds have not yet been realized. In the Other Funds group, the schedule below includes

Non-Budgetary FBwT held in Special Receipt, Clearing, and Deposit Funds, which are not reportable for purposes of the CSBR.

The following schedule presents elements of the FBwT. The negative amount of Obligated Balance Not Yet Disbursed in the ASF as of September 30, 2025, is the result of Uncollected Customer Payments of \$19.9 billion exceeding Unpaid Obligations of \$18.4 billion.

2A. Fund Balance with Treasury  
(Dollars in Millions)

	FBF	ASF	Other Funds	Total
Obligated Balance, Not Yet Disbursed	\$1,635	\$(1,551)	\$186	\$270
Unobligated Balance Available	9,132	2,260	440	11,832
Unobligated Balance Unavailable	10,790	1,605	439	12,834
Non-Budgetary FBwT	—	—	493	493
<b>Total FBwT</b>	<b>\$21,557</b>	<b>\$2,314</b>	<b>\$1,558</b>	<b>\$25,429</b>

## B. Availability of Funds

Included in GSA's FBwT are dedicated collections from Special Receipt Funds that may be retained by GSA or transferred to either the U.S. Treasury or the Land and Water Conservation Fund (see Note 1-D). Amounts related to the Transportation Audits program and surplus real property disposals, are subject to transfer upon GSA's annual determination of the costs incurred by these programs. The FBwT in these funds totaled \$438 million on September 30, 2025 of which \$9 million was recorded as liabilities in the consolidated balance sheet. As of September 30, 2025 \$1.5 billion of unused funds<sup>1</sup> from appropriations were returned to the U.S. Treasury. Such balances are excluded from the amount reported as FBwT in accordance with U.S. Treasury guidelines. A portion of FBwT also includes amounts where authority to incur new obligations has expired, but the funds are available to liquidate residual obligations that originated when the funds were available. Such expired balances totaled \$47 million on September 30, 2025. The FBF has balances that are temporarily unavailable in accordance with annual appropriations acts that limit the amount of reimbursable resources that are available for spending each year. Such amounts totaled \$11 billion on September 30, 2025, and will not be available for expenditure except as authorized in future appropriations acts.

Under the ASF statutory authorities, GSA is permitted to retain earnings to ensure the fund has sufficient resources to support operations in association with a cost and capital plan as approved by the Administrator of General Services. GSA is also required to return annually any excess proceeds related to the Personal Property Sales program to the U.S. Treasury. The ASF returned \$2 million in FY 2025 to the U.S. Treasury. These activities are in accordance with the cost and capital plan to meet program needs. Cumulative Results of Operations in the ASF have been used for activities such as covering discontinued operations and investments in

<sup>1</sup> The unused funds include \$1.5 billion in rescissions and \$4 million of cancellation of expired appropriations.

Government-wide software applications, including the System for Award Management and the Common Acquisition Platform.

### 3. Non-entity Assets

As of September 30, 2025, certain amounts reported on the consolidated balance sheet are elements of Budget Clearing, Deposit, and Miscellaneous Receipt Funds, which are not available to management for use in ongoing operations and are classified as non-entity assets (see Note 1-A). The only substantial balances of non-entity assets were Fund Balance with Treasury, which totaled \$54 million as of September 30, 2025.

### 4. Accounts and Notes Receivable, Net

Substantially all accounts receivable are from other federal agencies, with only 2.2 percent due from non-federal customers as of September 30, 2025. Unbilled accounts receivable result from the delivery of goods or performance of services for which bills have not yet been rendered. Additionally, the Technology Modernization Fund (TMF) transfers to other federal agencies are recorded as accounts receivable, as legislation requires, either all, or a portion of, transferred funds to be repaid to the TMF. Allowances for doubtful accounts are recorded using aging methodologies based on analysis of historical collections and write-offs.

A summary of accounts receivable as of September 30, 2025, is as follows:

#### 4. Accounts Receivable (Dollars in Millions)

	FBF	ASF	Other Funds	Less: Intra-GSA Eliminations	GSA Consolidated
<b>Intragovernmental</b>					
Accounts Receivable - Billed	\$124	\$173	\$6	\$—	\$303
Accounts Receivable - Unbilled	198	6,793	250	(95)	7,146
Allowance for Doubtful Accounts	(13)	(9)	—	—	(22)
<b>Intragovernmental Accounts Receivable, Net</b>	<b>309</b>	<b>6,957</b>	<b>256</b>	<b>(95)</b>	<b>7,427</b>
<b>Other Than Intragovernmental</b>					
Accounts Receivable - Billed	7	27	3	—	37
Accounts Receivable - Unbilled	—	143	—	—	143
Allowance for Doubtful Accounts	(3)	(8)	(2)	—	(13)
<b>Other Than Intragovernmental Accounts Receivable, Net</b>	<b>4</b>	<b>162</b>	<b>1</b>	<b>—</b>	<b>167</b>
<b>Total Accounts Receivable, Net</b>	<b>\$313</b>	<b>\$7,119</b>	<b>\$257</b>	<b>\$(95)</b>	<b>\$7,594</b>

## 5. Other Assets

As of September 30, 2025, Other Assets were comprised of the following balances:

### 5. Other Assets (Dollars in Millions)

	FBF	ASF	Other Funds	GSA Consolidated
<b>Intragovernmental</b>				
Miscellaneous	\$10	\$—	\$—	\$10
<b>Total Other Assets - Intragovernmental</b>	<b>10</b>	<b>—</b>	<b>—</b>	<b>10</b>
<b>Other than Intragovernmental</b>				
Surplus Property Held for Sale	35	27	—	62
Miscellaneous	2	—	—	2
RTU Lease Receivable	91	—	—	91
<b>Total Other Assets - Other Than Intragovernmental</b>	<b>128</b>	<b>27</b>	<b>—</b>	<b>155</b>
<b>Total Other Assets</b>	<b>\$138</b>	<b>\$27</b>	<b>\$—</b>	<b>\$165</b>

Additional information about lease receivable assets can be found in Note 8.

## 6. General PP&E and Right-to-Use Lease Assets

### A. Summary of Balances

Balances in GSA Property and Equipment and Right-to-Use Lease accounts as of September 30, 2025, are summarized below:

6A-1. Property and Equipment and Right-to-Use Lease Assets  
(Dollars in Millions)

	Cost	Less: Accumulated Depreciation and Amortization	Net Book Value
<b>Buildings</b>			
FBF	\$58,590	\$39,618	\$18,972
<b>Leasehold Improvements</b>			
FBF	132	129	3
ASF	12	10	2
Other Funds	4	4	—
<b>Total Leasehold Improvements</b>	<b>148</b>	<b>143</b>	<b>5</b>
<b>Motor Vehicles</b>			
ASF	8,536	3,009	5,527
<b>Land</b>			
FBF	1,878	—	1,878
<b>Construction in Process</b>			
FBF	1,794	—	1,794
ASF	2	—	2
Other Funds	3	—	3
<b>Total Construction in Process</b>	<b>1,799</b>	<b>—</b>	<b>1,799</b>
<b>Other Equipment</b>			
FBF	107	86	21
ASF	93	61	32
Other Funds	69	55	14
<b>Total Other Equipment</b>	<b>269</b>	<b>202</b>	<b>67</b>
<b>RTU Lease Asset</b>			
FBF	31,300	6,250	25,050
<b>Total Property and Equipment</b>	<b>\$102,520</b>	<b>\$49,222</b>	<b>\$53,298</b>



6A-2. Total Property and Equipment and Right-to-Use Lease Assets Summary of Changes  
(Dollars in Millions)

	FBF	ASF	Other Funds	GSA Consolidated
Net Book Value - Beginning	\$49,195	\$5,291	\$11	\$54,497
Capitalized Acquisitions	1,778	1,209	8	2,995
RTU Lease Assets CY Activity	1,811	—	—	1,811
CY Amortization of RTU Lease Assets	(3,259)	—	—	(3,259)
Disposals	(5)	(186)	—	(191)
Depreciation Expense	(1,803)	(750)	(2)	(2,555)
<b>Net Book Value - Ending</b>	<b>\$47,717</b>	<b>\$5,564</b>	<b>\$17</b>	<b>\$53,298</b>

## B. Environmental and Disposal Liabilities

Environmental and disposal liabilities represent cleanup costs associated with removing, containing, and disposing of hazardous waste from property; material and property that consists of hazardous waste at permanent or temporary closure, or shutdown of associated plant, property, and equipment (PP&E) (i.e., asset retirement and equipment disposal); or asbestos. Cleanup costs may include characterization, decontamination, decommissioning, restoration, monitoring, closure, post closure, future surveys, studies, and assessments on the environmental site. Cleanup costs may also include incremental direct costs of the remediation effort and costs of compensation and benefits of those employees who are expected to devote a significant amount of time directly to the remediation effort.

In accordance with guidance issued by FASAB, SFFAS 5, *Accounting for Liabilities of the Federal Government* and SFFAS 6, *Accounting for Property, Plant, and Equipment*, and Federal Financial Accounting and Auditing Technical Release No. 2, *Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government*, GSA is required to recognize a liability for environmental-related cleanup costs resulting from past transactions or events and when a future outflow or other sacrifice of resources is probable and reasonably estimable. GSA's PBS assesses the likelihood of required cleanup for PP&E, including land acquired for or in connection with other PP&E, used in providing goods or services to federal customers. If the likelihood of a required cleanup is probable and the cost can be reasonably estimated, a liability is recorded in the financial statements; if the likelihood is probable but not reasonably estimated or reasonably possible, the costs of cleanup are disclosed in the notes to the financial statements; and if the likelihood is remote, no liability or estimate is recorded or disclosed.

Environmental-related cleanup costs include liabilities covered by current budgetary resources and liabilities not covered by current budgetary resources known as future funded expenses.

Cleanup of such hazards is governed by various federal and state laws. The laws most applicable to GSA are the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Toxic Substances Control Act, and the Resource Conservation and Recovery Act. Various State and local laws and regulations are also applicable.



GSA's FBF recognized \$1.99 billion as of September 30, 2025 for environmental and disposal liabilities. Included in this balance are the current estimates for potential future cleanup costs associated with the release of hazardous substances (into the environment) at properties where GSA is legally responsible for cleanup; asbestos liabilities (e.g., abatement); and non-asbestos liabilities (e.g., lead abatement) associated with PP&E at asset retirement or disposal.

**6B. Environmental and Disposal Liabilities**  
(Dollars in Millions)

	2025
Environmental Liabilities: External Releases to the Environment	\$91
Asbestos Liabilities	1,507
Non-Asbestos Liabilities	393
<b>Total Environmental and Disposal Liabilities (amortized)<sup>2</sup></b>	<b>\$1,991</b>

### C. Environmental Liabilities: External Releases to the Environment

As of September 30, 2025, PBS's environmental liability for releases to the environment is \$91 million. PBS's environmental remediation projects range from the cleanup of hazardous substances (e.g., chemical solvents, toxic metals, and polychlorinated biphenyls) and petroleum released into soil and groundwater to complex long-term remediation of former Department of War sites (e.g., munitions manufacturing and stockpile centers). Estimate updates are attributable to remediation efforts, cost re-estimations for environmental services (e.g., remediation activities), and adjustments to the scope of services for projects managed by PBS. GSA's PBS does not have any sites identified as probable but not reasonably estimable regarding cleanup costs. As of September 30, 2025, GSA's FBF estimated \$31 million for reasonably possible cleanup costs, for which a non-GSA entity will be responsible for settling cleanup costs of the assets. The non-GSA entity responsible for settling and reporting the liability for the cleanup cost of the asset is designated by Formerly Used Defense Sites and Department of War/Defense Logistics Agency requirements.

### D. Asbestos Liabilities

In accordance with FASAB Technical Bulletin 2006-1, *Recognition and Measurement of Asbestos-Related Cleanup Costs*, the focus is to recognize an unfunded liability and related expenses for asbestos-related cleanup costs where it is both probable and reasonably estimable for federal entities that own tangible PP&E containing asbestos.

GSA's methodology for developing estimated future asbestos liability involved selection of asbestos abatement survey reports performed by third-party contractors, independent from GSA, to develop an average cost factor. The average cost factor, which is updated annually from these asbestos survey reports, is applied to GSA's total square feet of applicable inventory to determine the total estimated asbestos liability.

<sup>2</sup> Does not include \$2 million in environmental liabilities in Other Funds that were included on the balance sheet for non-GSA Assets. See Footnote 10A.

In accordance with Technical Bulletin 2006-1, GSA recognizes cleanup costs over the estimated life of the underlying assets. A useful life of 30 years is used for the purpose of recognizing and amortizing the long-term estimated asbestos cleanup costs for GSA facilities. During FY 2025, changes to GSA's total estimated liability consisted of cost re-estimates, inflation, and amortization of remaining future year costs. As of September 30, 2025, the amortized asbestos-related liabilities reported are \$1.5 billion and the unamortized asbestos liability is \$1 million.

## E. Property, Plant & Equipment: Non-asbestos Liabilities

GSA reports cleanup costs associated with PP&E that consist of removal of hazardous waste at asset retirement or related to equipment disposal in the financial statements under PP&E - non-asbestos liabilities. GSA's methodology for estimating non-asbestos-related liabilities captures the cost of remediating certain hazards, such as lead-based paint and polychlorinated biphenyls.

GSA's methodology uses actual cost data from major renovation projects and cost estimates from independent third-party environmental surveys to develop average cost factors for PP&E non-asbestos remediation. These average cost factors, which are updated annually, are applied to GSA's total square feet of applicable inventory to determine the total estimated non-asbestos liability. As of September 30, 2025, the amortized PP&E non-asbestos related liabilities are \$393 million and the unamortized PP&E non-asbestos liability is \$43 million.

## F. Heritage Assets

The age of GSA buildings is approximately 52 years old; therefore, many buildings have historical, cultural, or architectural significance or a combination of all three. While GSA uses these buildings to meet the office space and other needs of the Federal Government, maintaining and preserving these historical elements is also a significant priority. In accordance with FASAB SFFAS 29, *Heritage Assets and Stewardship Land*, these buildings meet the definition of Multi-use Heritage Assets, and are reportable within Property and Equipment on the consolidated balance sheet. Information concerning deferred maintenance and repairs and estimated land acreage is discussed in unaudited required supplementary information.

GSA defines its historic buildings as those buildings that are either listed in the National Register of Historic Places, have formally been determined eligible for listing, or appear to meet eligibility criteria to be listed. In FY 2025, GSA has under its jurisdiction, custody and control of 436 buildings on the National Register. This is an overall increase from FY 2024 reporting of 427 buildings. Included are 72 buildings designated as National Historic Landmarks that remain unchanged from FY 2024. The majority of the increase is attributable to heritage assets being formally listed in the National Register. An additional 107 buildings are potentially eligible for listing in the National Register compared to the FY 2024 count of 102 buildings which is an increase in eligible buildings to be evaluated through the formal listing process. Under the National Historic Preservation Act, GSA is required to give these buildings special consideration, including first preference for federal use and rehabilitation in accordance with standards established by the U.S. Department of the Interior.

GSA also has a collection of artworks with historical significance, maintained for display in federal buildings to increase the cultural and aesthetic quality of the buildings for visitors and workers.

## 7. Workers' Compensation Benefits

The Federal Employees' Compensation Act (FECA) provides wage replacement and medical cost protection to covered federal civilian employees who are injured on the job, have incurred a work-related occupational disease, or beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. The FECA program is administered by the U.S. Department of Labor (DOL), which initially pays valid claims and subsequently seeks reimbursement from the federal agencies employing the claimants. DOL provides the actuarial liability for claims outstanding at the end of each fiscal year. This liability includes the estimated future costs of death benefits, workers' wage replacement, and medical and miscellaneous costs for approved compensation cases.

The present value of these estimates at the end of FY 2025 were calculated by DOL using the following discount rates:

### 7. Discount Rates

2025	Year 1 and Years Thereafter
Wage Benefits	3.22%
Medical Benefits	2.94%

At September 30, 2025, GSA's actuarial liability, reported in Pension and Post-Employment Benefits Payable on the balance sheet, totaled \$82 million. As reported in Note 9, Other Intragovernmental Liabilities on the balance sheet, the Workers Compensation accrued liability totaled \$18 million for September 30, 2025.

## 8. Leasing Arrangements

In accordance with SFFAS 54, GSA categorizes our leasing inventory by short-term leases; intragovernmental leases; RTU leases; or contracts or agreements that transfer ownership. As a lessor, short-term lease payments received from the customer are recognized as revenue, and as a lessee, short-term lease payments are recognized as an expense and do not require additional disclosures per SFFAS 54. Any contract or agreement that transfers ownership will be recorded as an asset purchase. Required disclosures related to intragovernmental leases and RTU leases are below.

### RTU Leases (GSA as a Lessee):

Under SFFAS 54, RTU leases are effectively treated as financed acquisitions, with the recording of a RTU leased asset and lease liability for the present value of payments required over the lease term. The cost of RTU assets is amortized to expense over the lease term. The lease liability is liquidated by applying payments over the lease term between interest expense and principal, using the interest method. GSA uses the U. S. Treasury's marketable security interest

rates to calculate the net present value for the RTU lease liability and for applying the interest method to the payment process. Discount rates ranged from 3.4 percent to 5.2 percent. The present value of payments includes fixed amounts to be paid during the lease term, the exercise price of a probable purchase option, payments for termination penalties, and lease incentives. Typically, GSA lease arrangements do not include variable lease payments, as defined in SFFAS 54.

In accordance with SFFAS 54, RTU lease assets recorded as of September 30, 2025, totaled \$31.3 billion with related accumulated amortization of \$6.3 billion and liability balance of \$26.2 billion. The amount of annual lease expense for FY 2025 was \$3.3 billion for amortization and \$1.3 billion for interest expense.

8-1. Future Minimum Lease Payments  
(Dollars in Millions)

Fiscal Year	Principal	Interest	Total
2026	\$2,818	\$1,159	\$3,977
2027	2,625	1,032	3,657
2028	2,416	916	3,332
2029	2,208	810	3,018
2030	2,068	711	2,779
2031-35	7,926	2,314	10,240
2036-40	4,097	934	5,031
2041 and future	2,104	374	2,478
<b>Total future minimum lease payments</b>	<b>\$26,262</b>	<b>\$8,250</b>	<b>\$34,512</b>

### RTU Leases (GSA as a Lessor):

GSA leases a portion of its building space to non-federal tenants. The majority of these types of leasing agreements, referred to as outleases, are in a small portion of the building, typically restaurants, sandwich or coffee shops at the pedestrian walkway, or represent excess space not being used for government operations. The total amount of revenue recognized for these agreements as of September 30, 2025 was \$17.3 million. As of September 30, 2025 there are 19 buildings where the outlease represents the predominant use of the building. The net book value for these buildings is \$31 million as of September 30, 2025. This includes accumulated depreciation of \$65 million and historical cost of \$96 million. These assets are represented in GSA's Consolidated Balance Sheet as PP&E. While GSA has variable lease payments in outleases, these are rare and immaterial as of September 30, 2025. Additional information on outleases can be found in Footnote 19, Public Private Partnerships.

### Intragovernmental Leases (GSA as a Lessee):

GSA has intragovernmental leases where GSA is the lessee, this includes tenancy agreements the majority of which are with the United States Postal Service (USPS) for space within their buildings. GSA recognizes lease payments as lease expense based on the payment provisions

of the contract or agreement. The lease expense for the fiscal year through September 30, 2025 totaled \$38 million for these types of intragovernmental agreements.

### Intragovernmental Leases (GSA as a Lessor):

OAs where the lessees are other federal agencies or other internal organizations within GSA are considered intragovernmental leases. The future lease receipts disclosed include lease amounts due over the full life of the OAs. Many of these OAs contain termination options; however, PBS has determined that it is probable that agencies will remain in the space for the full life of the OAs.

Customer agencies may also enter into a supplemental OA with ASF's Furniture and Information Technology (FIT) program. This program assists customers with right-sizing their operations to improve space utilization, reduce the real estate footprint, and increase workplace efficiency, while minimizing initial capital investments for items such as furniture and information technology equipment. Base terms generally have a duration of 60 months for furniture and 36 months for information technology (IT) equipment.

Fleet Leasing provides end-to-end fleet management including vehicle acquisition and disposal, maintenance control and accident management, loss prevention and fuel services. The arrangement between GSA and customer agencies for motor vehicles is governed by the Federal Property Management Regulation (FPMR 41 C.F.R. Part 101-39). These arrangements do not have explicitly-specified fixed terms, however, the GSA vehicle leasing regulations contain minimum reimbursement requirements that effectively provide a lease term. Customers are generally expected to provide 90 days notice for returning vehicles. Collections from the federal agencies contain both fixed and variable components.

Fleet also has a short-term rental (STR) program which provides federal agencies with fast, affordable access to vehicle and equipment rentals for temporary needs—excluding travel. Each vehicle order is limited to 119 days or less and each equipment order is limited to 365 days or less. GSA charges a fee to act as an intermediary between customers and non-governmental commercial sources.

Lease receipts collected through September 30, 2025 for federal vehicle leasing arrangements and federal STR agreements totaled \$1.3 billion. The future lease receipts projected in the table below only includes the fixed components of the 90 day required termination notice for fleet leasing; however, these arrangements are generally used for a longer period of time and receipts are expected to continue beyond the 90 days. Given the varying length of agreements in the STR program, the estimated projected receipts for FY 2026 is based on the increase in intragovernmental revenue between the previous two fiscal years. FIT revenue is projected based on the agreements as of September 30, 2025.

## 8-2. Future Lease Receipts

(Dollars in Millions)

Fiscal Year	FBF	ASF	Total
2026	\$7,375	\$528	\$7,903
2027	6,508	6	6,514
2028	5,692	5	5,697
2029	4,584	3	4,587
2030	3,702	2	3,704
2031-35	10,485	—	10,485
2036-40	4,032	—	4,032
2041 and future	1,013	—	1,013
<b>Total future annual lease receipts</b>	<b>\$43,391</b>	<b>\$544</b>	<b>\$43,935</b>

## Transitional Accommodation for Embedded Leases

As discussed in Note 1, GSA elected to utilize the transitional accommodation period allowed by SFFAS 62, *Transitional Amendment to SFFAS 54*, to treat contracts or agreements containing potential embedded leases as non-lease contracts or agreements during FY 2024 through FY 2026.

## Intragovernmental Leasehold Reimbursable Work Agreements

GSA has agreements from FY 2025 and years prior with customer-lessees for reimbursable work and services that would inherently be GSA's responsibility, wherein GSA is the predominant beneficiary. Such arrangements include projects that range from new construction or acquisition, to repair and alteration projects for GSA tenant agencies. As of September 30, 2025, the unearned revenue included in Intragovernmental Other Liabilities for these reimbursable work agreements was \$455 million.

Additional lease information can be found in Notes 1, 5, 6 and 19.

## 9. Other Liabilities

As of September 30, 2025, the amounts reported on the consolidated balance sheet as Other Intragovernmental Liabilities and Other Liabilities are substantially long-term in nature, with the exception of Workers' Compensation, Federal Benefits Payable, Withholdings Payable, and Deposits in Clearing Funds, which are current liabilities. Additional information about lease

liabilities and unearned lease revenue can be found in Footnote 8, Leasing Arrangements. Other Intragovernmental Liabilities and Other Liabilities consisted of the following:

9. Other Liabilities  
(Dollars in Millions)

2025	FBF	ASF	Other Funds	Less: Intra-GSA Eliminations	GSA Consolidated
<b>Intragovernmental Other Liabilities</b>					
Workers' Compensation Due to DOL	\$11	\$4	\$3	\$—	\$18
Federal Benefits Payable	5	4	3	—	12
Deferred Revenues - Federal	456	—	—	—	456
Judgment Fund Liability	526	—	—	—	526
Amounts Owed to the General Fund	—	—	1	—	1
Amounts Owed to Other Agencies	—	—	9	—	9
Deposits in Clearing Funds and Other Liabilities Obligations	3	19	15	(8)	29
<b>Total Intragovernmental Liabilities</b>	<b>1,001</b>	<b>27</b>	<b>31</b>	<b>(8)</b>	<b>1,051</b>
<b>Other Than Intragovernmental Other Liabilities</b>					
Withholdings Payable	—	—	27	—	27
Legal Contingencies	5	—	—	—	5
Contract Holdbacks	2	—	—	—	2
Liability for Non-Fiduciary Deposit Funds and Undeposited Collections	—	—	17	—	17
Energy Savings Performance Contracts and Utility Energy Service Contracts	776	—	—	—	776
Other Liabilities Without Related Budgetary Obligations	1	8	—	—	9
<b>Total Other Than Intragovernmental Liabilities</b>	<b>784</b>	<b>8</b>	<b>44</b>	<b>—</b>	<b>836</b>
<b>Total Other Liabilities</b>	<b>\$1,785</b>	<b>\$35</b>	<b>\$75</b>	<b>\$(8)</b>	<b>\$1,887</b>

## 10. Contingencies

### A. Contingencies

GSA is a party in various administrative proceedings, legal actions, environmental suits, and claims brought by or against the agency. In the opinion of GSA management and legal counsel, the ultimate resolution of these proceedings, actions and claims will not materially affect the financial position or results of operations of GSA, the FBF, the ASF, or the Other Funds. Based on the nature of each claim, resources available to liquidate these liabilities may be from GSA funds or, in some instances, are covered by the U.S. Treasury Judgment Fund, as discussed below.



In many cases, legal contingencies that directly involve GSA relate to contractual arrangements GSA entered into either for property or services it has obtained or procured on behalf of other federal agencies. The costs of administering, litigating, and resolving these actions are generally borne by GSA, unless it can recover the cost from another federal agency. Certain legal matters in which GSA may be a named party are administered and, in some instances, litigated by other federal agencies. Amounts to be paid under any decision, settlement, or award pertaining thereto are sometimes funded by those agencies.

Legal-environmental contingencies and most tort claims are administered and resolved by the U.S. Department of Justice, and any amounts necessary for resolution are obtained from the U.S. Treasury Judgment Fund. In accordance with FASAB's Interpretation No. 2, *Accounting for Treasury Judgment Fund Transactions*, costs incurred by the Federal Government are to be reported by the agency responsible for incurring the liability or to which liability has been assigned, regardless of the ultimate source of funding. The cost of environmental contingencies is estimated in accordance with the FASAB Accounting and Auditing Policy Committee's Federal Financial Accounting and Auditing Technical Release No. 2, *Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government*. For most environmental contingencies, GSA has no managerial responsibility other than as custodian and successor on claims made against former federal entities, particularly former World War II defense-related activities.

Other contingencies include estimates of contractual minimum guarantees for which GSA may become liable. Minimum guarantees are a floor amount the government will order against a contract, guaranteeing vendors a minimum amount of business. This entices vendors to bid and reduces vendor pricing.

Probable contingencies are pending and threatened legal matters for which, in the opinion of GSA management and legal counsel, a loss is likely and the amount of the loss can be estimated. These matters arise in the course of carrying out GSA programs and operations, including contracting actions, operating motor vehicles, managing federally owned and leased buildings and facilities for other federal agencies, and related claims. These contingencies are accrued in GSA's financial records.

GSA also has contingencies where the likelihood of loss is more than a remote chance, but less than likely to occur, and those are deemed reasonably possible. Accordingly, no balances have been recorded in the financial statements for these contingencies. Reasonably possible contingencies involve a wide variety of allegations and claims.



The probable (accrued) and reasonably possible contingencies as of September 30, 2025, are summarized in the table below:

10A. Probable (Accrued) and Reasonably Possible Contingencies  
(Dollars in Millions)

Legal Contingencies	Accrued Liabilities	Estimated Range of Loss - Lower End	Estimated Range of Loss - Upper End
Probable - FBF	\$5	\$5	\$24
Probable - Other Funds	—	—	1
<b>Total Probable</b>	<b>5</b>	<b>5</b>	<b>25</b>
Reasonably Possible - FBF		2	311
Reasonably Possible - ASF		—	22
Reasonably Possible - Other Funds		—	13
<b>Total Reasonably Possible</b>		<b>\$2</b>	<b>\$346</b>

Legal Environmental Contingencies			
Probable - Other Funds	\$2	\$2	\$2
Reasonably Possible - Other Funds		—	163

Other Contingencies			
Reasonably Possible - ASF		\$153	\$203

## B. U.S. Treasury Judgment Fund (Judgment Fund)

In 1956, Congress enacted the Judgment Fund as a permanent, indefinite appropriation for the payment of claims that did not have another source of funding. This resulted in prompt payments that reduced the interest that accrues against the Government between the date of the claim judgment and the claim payment. Historically, the Judgment Fund has been utilized to pay for Contract Disputes Act claims in the FBF and Environmental and Disposal claims in the Other Funds.

As of September 30, 2025, GSA owed the Judgment Fund over \$526 million for contract disputes that were paid on GSA's behalf. GSA is required to reimburse the Judgment Fund for payments made on GSA's behalf related to claims arising under the Contract Disputes Act and the Notification and Federal Employee Anti-Discrimination and Retaliation Act.

For the fiscal year ended September 30, 2025, the Judgment Fund paid \$26 million for Environmental and Disposal claims in the Other Funds. GSA is not required to reimburse the Judgment Fund for payments made on GSA's behalf related to Environmental and Disposal and most other types of claims. The recognition of claims to be funded exclusively through the Judgment Fund on GSA consolidated statement of net cost and consolidated balance sheet is, in effect, recognition of these liabilities against the Federal Government as a whole, and should not be interpreted as claims against the assets or resources of any GSA fund, nor will any future

resources of GSA be required to liquidate any resulting losses. Further, for most environmental claims, GSA has no managerial responsibility other than as custodian and successor on claims made against former federal entities, particularly former World War II defense-related activities.

For those non-reimbursable claim payments, GSA would record imputed financing sources and imputed costs to reflect those payments made on its behalf. For the fiscal year ended September 30, 2025, GSA recorded \$27 million in Imputed Financing Provided From Others for the non-reimbursable payments the Judgment Fund made on GSA's behalf. This is in addition to the Imputed Costs for Post-Employment Benefits as noted in GSA's Footnote 15-E.

## 11. Liabilities Not Covered By Budgetary Resources

As of September 30, 2025, budgetary resources were not yet available to fund certain liabilities reported on the consolidated balance sheet. For such liabilities, most are long-term in nature where funding is generally made available in the year payments are due or anticipated. In the table below, liabilities not covered by budgetary resources require future congressional action, whereas liabilities covered by budgetary resources reflect prior congressional action.

Regardless of when the congressional action occurs, the U.S. Treasury will finance the liquidation in the same way that it finances all other disbursements, using some combination of receipts, other inflows, and borrowing from the public (if there is a budget deficit).

Lease liabilities are included in liabilities not covered by budgetary resources for which budgetary resources have not yet been provided, as shown below. Additional information about lease liabilities and unearned lease revenue can be found in Footnote 8, Leasing Arrangements.

The portion of liabilities reported on the consolidated balance sheet that are not covered by budgetary resources consists of the following:

11. Liabilities Not Covered By Budgetary Resources  
(Dollars in Millions)

	FBF	ASF	Other Funds	Less: Intra-GSA Eliminations	GSA Consolidated
<b>Intragovernmental</b>					
<b>Other Liabilities</b>					
Benefit Program Contributions Payable	\$11	\$4	\$3	\$—	\$18
Deferred Revenues - Federal	1	—	—	—	1
Judgment Fund Liability	526	—	—	—	526
Other Intragovernmental Liabilities	—	1	7	(8)	—
<b>Total Intragovernmental Liabilities Not Covered by Budgetary Resources</b>	<b>538</b>	<b>5</b>	<b>10</b>	<b>(8)</b>	<b>545</b>
<b>Other Than Intragovernmental</b>					
<b>Federal Employee Salary, Leave, and Benefits Payable</b>					
Annual Leave Liability	63	56	43	—	162
Pension and Post-Employment Benefits Payable	50	17	29	—	96
Environmental and Disposal Liabilities	1,991	—	2	—	1,993
<b>Other Liabilities</b>					
Energy Savings Performance Contracts and Utility Energy Service Contracts	776	—	—	—	776
Lease Liability and Unearned Lease Revenue	26,319	—	—	—	26,319
Other Liabilities	6	8	—	—	14
<b>Total Other Than Intragovernmental Liabilities Not Covered by Budgetary Resources</b>	<b>29,205</b>	<b>81</b>	<b>74</b>	<b>—</b>	<b>29,360</b>
<b>Total Liabilities Not Covered By Budgetary Resources</b>	<b>29,743</b>	<b>86</b>	<b>84</b>	<b>(8)</b>	<b>29,905</b>
<b>Total Liabilities Covered By Budgetary Resources</b>	<b>1,461</b>	<b>6,516</b>	<b>115</b>	<b>(87)</b>	<b>8,005</b>
<b>Total Liabilities Not Requiring Budgetary Resources</b>	<b>—</b>	<b>—</b>	<b>34</b>	<b>—</b>	<b>34</b>
<b>Total Liabilities</b>	<b>\$31,204</b>	<b>\$6,602</b>	<b>\$233</b>	<b>\$(95)</b>	<b>\$37,944</b>

Certain balances, while also unfunded, meaning no budgetary resources have been applied (shown as Total Liabilities Not Requiring Budgetary Resources in the table above), will be liquidated from resources outside of the traditional budgeting process and require no further congressional action to do so. Such balances include: 1) the portion of amounts included on the consolidated balance sheet in Other Liabilities - Other Than Intragovernmental shown as

Liability for Non-Fiduciary Deposit Funds and Undeposited Collections; and 2) the portion of amounts included in Other Intragovernmental Liabilities shown as Deposits in Clearing Funds (Held in Suspense and Earnings Payable to U.S. Treasury) and custodial collections shown as Amounts Owed to the General Fund and Amounts Owed to Other Agencies in Note 9.

## 12. Reconciliation to the President's Budget

In accordance with FASAB SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, if there are differences between amounts reported in these financial statements versus those reported in the most recent Budget of the United States Government (President's Budget), it must be disclosed. Since the President's Budget is generally released in February each year, the most current comparable data is the FY 2026 President's Budget, which contains FY 2024 financial statement results. The FY 2027 President's Budget, containing FY 2025 actual results, is expected to be released in February 2026 on OMB's website and GSA's Congressional Justification on [www.gsa.gov](http://www.gsa.gov). The portion of the President's Budget relating specifically to GSA can be found in the appendix of that document. Balances submitted to the U.S. Treasury via the Reports on Budget Execution and Budgetary Resources (SF 133s) constitute the basis for reporting of actual results in the President's Budget and the CSBR. Reconciling differences are caused by the presentation style of the President's Budget, which excludes Budgetary Resources and New Obligations and Upward Adjustments in expired annual funds, as well as offsetting collections, which are required for reporting on the CSBR. Small rounding differences may also exist between the CSBR and the President's Budget.

The following two schedules highlight the most significant comparable amounts reported in the FY 2024 CSBR and the FY 2026 President's Budget (dollars in millions). The first schedule shows the total differences where the CSBR contains balances greater (or less) than amounts reported in the President's Budget by fund. Following this is a second schedule displaying the components of each difference at the combined level.

GSA's Congressional Justification submission includes available and unavailable budgetary resources. In the CSBR and FBF SBR, the total budgetary resources of \$61.1 billion and \$25.5 billion as of September 30, 2024, respectively, represent budgetary resources net of FBF's unavailable budgetary resources of \$9.8 billion.

For GSA's reconciliation between the CSBR and the President's Budget, GSA added back FBF's unavailable resources to the Budgetary Resources amounts reported under the FBF CSBR column in the first chart and the CSBR row in the second chart.

12-1. Total Differences - CSBR Compared to President's Budget by Fund  
(Dollars in Millions)

	FBF CSBR	FBF PRES BUDGET	ASF CSBR	ASF PRES BUDGET	OTHER FUNDS CSBR	OTHER FUNDS PRES BUDGET	GSA COMBINED CSBR	GSA COMBINED PRES BUDGET	DIFF
Budgetary Resources	\$35,288	\$35,287	\$33,433	\$33,432	\$2,221	\$2,187	\$70,942	\$70,906	\$36
New Obligations and Upward Adjustments	12,984	12,984	29,572	29,571	1,356	1,354	43,912	43,909	3
Net Outlays (Receipts) from Operating Activities	(644)	(645)	150	150	295	293	(199)	(202)	3
Distributed Offsetting Receipts	—	—	—	—	(44)	(44)	(44)	(44)	—

12-2. Components of each difference all funds combined  
(Dollars in Millions)

	Budgetary Resources	New Obligations and Upward Adjustments	Net Outlays (Receipts) from Operating Activities	Distributed Offsetting Receipts
Combined Statement of Budgetary Resources	\$70,942	\$43,912	\$(199)	\$(44)
Expired Funds, Not Reflected in the Budget	(37)	(4)	—	—
Other	1	1	(3)	—
<b>Budget of the U.S. Government</b>	<b>\$70,906</b>	<b>\$43,909</b>	<b>\$(202)</b>	<b>\$(44)</b>

## 13. Combined Statement of Budgetary Resources

### A. Adjustments to Unobligated Balances Brought Forward

The CSBR presents GSA's budgetary results in accordance with reporting requirements prescribed in OMB Circular A-11, *Preparation, Submission, and Execution of the Budget*. In consolidated reporting by OMB and the U.S. Treasury for the U.S. Government as a whole, substantially all of GSA's program operations and operating results are categorized as general

Government functions. There were no material differences between the balances used to prepare the CSBR and the SF 133s in FY 2025.

13A. Adjustments to Unobligated Balances Brought Forward  
(Dollars in Millions)

	FBF	ASF	Other Funds	GSA Combined
<b>Prior Year Total Unobligated Balance, End of Period</b>	\$12,503	\$3,861	\$865	\$17,229
<b>Adjustments to Unobligated Balance Brought Forward</b>				
Unobligated Balance transferred to other accounts	—	—	(174)	(174)
Unobligated Balance transferred from other accounts	—	28	14	42
Recoveries of Prior Year Unpaid Obligations	239	1,864	41	2,144
Other Changes in Unobligated Balance	19	2	(4)	17
<b>Total Adjustments to Unobligated Balance Brought Forward</b>	258	1,894	(123)	2,029
<b>Unobligated Balance from Prior Year Budget Authority, Net</b>	<b>\$12,761</b>	<b>\$5,755</b>	<b>\$742</b>	<b>\$19,258</b>

## B. Commitments and Undelivered Orders

In addition to future lease commitments discussed in Note 8, GSA is committed under obligations for goods and services that have been ordered but not yet received (undelivered orders) at fiscal year-end. Aggregate undelivered orders for all GSA activities at September 30, 2025, are as follows:

13B. Undelivered Orders  
(Dollars in Millions)

	Federal	Non-federal	Paid	Unpaid	Total
FBF	\$71	\$5,449	\$34	\$5,486	\$5,520
ASF	771	11,139	1	11,909	11,910
Other Funds	131	119	25	225	250
<b>Total Undelivered Orders</b>	<b>\$973</b>	<b>\$16,707</b>	<b>\$60</b>	<b>\$17,620</b>	<b>\$17,680</b>

## 14. Consolidated Statement of Changes in Net Position

Cumulative results of operations for revolving funds include the net cost of operations since their inception, reduced by funds returned to the U.S. Treasury, congressional rescissions, and

transfers to other federal agencies, in addition to balances representing invested capital. Invested capital includes amounts provided to fund certain GSA assets, principally land, buildings, construction in process, and equipment, as well as appropriated capital provided as the corpus of a fund (generally to meet operating working capital needs).

The FBF, ASF, WCF, and FCSF have legislative authority to retain portions of their cumulative results for specific purposes. The FBF retains cumulative results to finance future operations and construction, subject to appropriation by Congress. In the ASF, such cumulative results are retained to cover the cost of replacing the motor vehicle fleet and supply inventory, as well as to provide financing for major systems acquisitions and improvements, contract conversion costs, major contingencies, and to maintain sufficient working capital. The WCF retains cumulative results to finance future systems improvements and certain operations. The FCSF retains cumulative results to finance future operations, subject to appropriation by Congress.

Cumulative results of operations on the consolidated balance sheet include balances of funds from dedicated collections as defined in FASAB SFFAS 43, *Dedicated Collections: Amending SFFAS 27, Identifying and Reporting Earmarked Funds*, which totaled \$489<sup>3</sup> million as of September 30, 2025. As further discussed in Notes 1 and 2, balances of funds from dedicated collections are those reported in GSA's Special Funds and Trust Funds, within the Other Funds displayed on the consolidating balance sheet.

## 15. Employee Benefit Plans

### A. Background

Federal employee salary, leave, and benefits include liabilities for accrued funded payroll and leave, unfunded leave, employer contributions and payroll taxes payable, and other funded employment related liability. Accrued funded payroll and leave benefits represents salaries and benefits earned by employees but not yet paid. Unfunded Leave refers to annual leave earned by employees but not yet funded. These amounts are accrued as a liability until the leave is used by the employee.

Although GSA funds a portion of pension benefits for its employees under the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS), and makes the necessary payroll withholdings, GSA is not required to disclose the assets of the systems or the actuarial data related to accumulated plan benefits or the unfunded pension liability relative to its employees. Reporting the amounts of pension benefits for current and retired employees is the direct responsibility of the Office of Personnel Management (OPM). Further information regarding the federal retirement plans, details of accumulated benefits, liabilities, background on agency employer contributions, employee contributions, and other financial contributions can be found on the OPM website.

In accordance with FASAB SFFAS 5, GSA recognizes the normal cost of pension programs and the normal cost of other post-employment health and life insurance benefits, as defined in that standard, on the consolidated statement of net cost. While contributions of GSA and participating employees to OPM do cover a significant portion of the normal cost of retirement

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<sup>3</sup> This balance does not include any applicable Intra-GSA elimination adjustments

benefits, the contribution rates defined in law do not cover the full normal cost of those retirement benefits. To achieve the recognition of the full normal cost required by SFFAS 5, GSA records the combination of funded cost for agency contributions and imputed cost for the portion of normal costs not covered by contributions. GSA's imputed costs relate to business-type activities, employee benefits, and claims to be settled by the U.S. Treasury Judgment Fund. Amounts recognized as normal cost related to contributions, as well as imputed costs are further provided below.

Federal Employee Benefits as of September 30, 2025, were as follows:

**15A-1. Federal Employee Salary, Leave, and Benefits Payable**  
(Dollars in Millions)

	FBF	ASF	Other Funds	Less: Intra-GSA Eliminations	GSA Consolidated Totals
<b>Liabilities Not Covered by Budgetary Resources</b>					
Unfunded Leave	\$63	\$56	\$43	\$—	\$162
<b>Liabilities Covered by Budgetary Resources</b>					
Accrued Funded Payroll and Leave	28	23	18	—	69
Other	—	1	4	—	5
<b>Total Federal Employee Salary, Leave, and Benefits Payable</b>	<b>\$91</b>	<b>\$80</b>	<b>\$65</b>	<b>\$—</b>	<b>\$236</b>

**15A-2. Pension and Post-Employment Benefits Payable**  
(Dollars in Millions)

	FBF	ASF	Other Funds	Less: Intra-GSA Eliminations	GSA Consolidated Totals
<b>Liabilities Not Covered by Budgetary Resources</b>					
Worker's Compensation Actuarial Liability	\$50	\$17	\$15	\$—	\$82
Other	—	—	14	—	14
<b>Total Pension and Post-Employment Benefits Payable</b>	<b>\$50</b>	<b>\$17</b>	<b>\$29</b>	<b>\$—</b>	<b>\$96</b>



## B. Civil Service Retirement System

As of September 30, 2025, 0.9 percent of GSA employees were covered by the CSRS, a defined benefit plan. Total GSA (employer) contributions (7.5 percent of base pay for law enforcement employees and 7.0 percent for all others) to CSRS for all employees were as follows:

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

	2025
FBF	\$—
ASF	—
Other Funds	1
<b>Total Employer Contributions</b>	<b>\$1</b>

## C. Federal Employees Retirement System

On January 1, 1987, the FERS, a mixed system of defined benefit and defined contribution plans, went into effect pursuant to Public Law 99-335. Employees hired after December 31, 1983, were automatically covered by FERS and Social Security, while employees hired before January 1, 1984, elected to either join FERS and Social Security or remain in CSRS. As of FY 2025, 99 percent of GSA employees were covered under FERS. One of the primary differences between the systems is that FERS offers automatic and matching contributions into the Federal Government's Thrift Savings Plan (TSP) for each employee. All employees could invest up to \$23,500 in their TSP account in calendar year 2025. In addition, for FERS employees, GSA automatically contributes 1 percent of base pay and matches employee contributions up to an additional 4 percent of base pay. For calendar year 2025, total contributions made on behalf of an employee could not exceed \$70,000. For FY 2025, the GSA (employer) contributions to FERS is 38.2 percent of base pay for law enforcement employees and 18.4 percent for all others were as follows:

### 15C-1. Total Employer Contributions to Federal Employees Retirement System Automatic Contributions (Dollars in Millions)

	2025
FBF	\$119
ASF	99
Other Funds	84
<b>Total Employer Contributions</b>	<b>\$302</b>

Additional GSA contributions to the TSP were as follows:

15C-2. Additional GSA Contributions to Thrift Savings Plan  
Matching Contributions  
(Dollars in Millions)

	2025
FBF	\$31
ASF	26
Other Funds	22
<b>Total Employer Contributions</b>	<b>\$79</b>

## D. Social Security System

GSA also makes matching contributions for programs of the Social Security Administration (SSA) under the Federal Insurance Contributions Act. For employees covered by FERS, GSA contributed 6.2 percent of gross pay and up to \$176,100 in calendar year 2025 to SSA's Old-Age, Survivors, and Disability Insurance Program. Additionally, GSA makes matching contributions for all employees of 1.45 percent of gross pay to the Medicare Hospital Insurance program in calendar year 2025. In FY 2025, 0.1 percent of GSA employees are covered exclusively by these programs. Payments to these programs were as follows:

15D. Total Employer Contributions to Social Security System  
(Dollars in Millions)

	2025
FBF	\$51
ASF	42
Other Funds	35
<b>Total Employer Contributions</b>	<b>\$128</b>

## E. Schedule of Imputed Benefit Costs

Amounts recorded as of September 30, 2025, in accordance with FASAB SFFAS 5, for imputed post-employment benefits were as follows:

15E. Imputed Cost for Post-Employment Benefits  
(Dollars in Millions)

	Pension Benefits	Health/Life Insurance	Total
FBF	\$47	\$49	\$96
ASF	40	35	75
Other Funds	35	30	65
<b>Total Unfunded Benefit Costs</b>	<b>\$122</b>	<b>\$114</b>	<b>\$236</b>

In addition to the imputed post-employment benefits noted above, GSA recorded imputed costs for the non-reimbursable payments the U.S. Treasury Judgment Fund made on GSA's behalf as noted in GSA's Footnote 10-B.

## 16. Budget and Accrual Reconciliation

In accordance with requirements of FASAB SFFAS 53, *Budget and Accrual Reconciliation*, the schedule below displays financial components associated with differences in amounts reported as the Net Revenues (Cost) from Operations reported on the Consolidated Statement of Net Cost and amounts reported as Total Net Outlays on the CSBR. Budgetary accounting is used for planning and control purposes, with net outlays consisting of the receipt and use of cash, both key elements in reporting the federal deficit. Financial accounting is intended to provide a picture of the Government's financial operations and financial position, presenting information on an accrual basis of accounting. The accrual basis includes information about costs arising from the acquisition and consumption of assets, other goods and services, and the incurring of liabilities, as well as recognition of certain revenues and associated receivable balances. The reconciliation bridges the balances reported as net outlays, presented on a budgetary basis focused on the disbursement and collection of funds, and the net cost, presented on an accrual basis. The reconciliation further assures integrity of relationships between budgetary and financial accounting. The schedule displays outlay balances comparable to the CSBR, with Net Outlays from Operating Activity based on amounts reported to U.S. Treasury on SF 133s, with additions for Distributed Offsetting Receipts to produce Total Net Outlay.

16. Budget and Accrual Reconciliation  
(Dollars in Millions)

2025	FBF Intragov ernmental	FBF With the Public	FBF Total	ASF Intragov ernmental	ASF With the Public	ASF Total	Other Funds Intragov ernmental	Other Funds With the Public	Total	Less: Intra- GSA Elimi nations Intragov ernmental	Less: Intra- GSA Elimi nations With the Public	Less: Intra- GSA Elimi nations Total	GSA Consoli dated Intrago vernme ntal	GSA Consoli dated With the Public	GSA Consoli dated Total
<b>Net Cost (Revenue) of Operations</b>			\$561			\$(484)			\$431			\$64			\$444
<b>Components of Net Cost Not Part of the Budget Outlays</b>															
Property, plant, and equipment depreciation expense	—	(1,803)	(1,803)	—	(750)	(750)	—	(2)	(2)	—	—	—	—	(2,555)	(2,555)
Property, plant, and equipment disposals and revaluations	—	(13)	(13)	—	(185)	(185)	—	—	—	—	—	—	—	(198)	(198)
Lessee Lease Amortization	—	(3,259)	(3,259)	—	—	—	—	—	—	—	—	—	—	(3,259)	(3,259)
<b>Increase/(Decrease) in Assets</b>															
Accounts receivable, net	(108)	(5)	(113)	(232)	10	(222)	53	—	53	—	—	—	(287)	5	(282)
Other assets	(29)	—	(29)	—	—	—	17	—	17	—	—	—	(12)	—	(12)
<b>(Increase)/Decrease in Liabilities</b>															
Accounts Payable	(28)	56	28	(25)	397	372	(71)	2	(69)	—	—	—	(124)	455	331
Lessee Lease Liability	977	—	977	—	—	—	—	—	—	—	—	—	977	—	977
Environmental and disposal liabilities	—	(21)	(21)	—	—	—	—	(2)	(2)	—	—	—	—	(23)	(23)
Federal employee benefits payable	—	(3)	(3)	—	(10)	(10)	—	(3)	(3)	—	—	—	—	(16)	(16)
Other Liabilities	45	55	100	7	1	8	12	—	12	—	—	—	64	56	120
<b>Financing Sources</b>															
Imputed Cost	(127)	—	(127)	(102)	—	(102)	(98)	—	(98)	(64)	—	(64)	(263)	—	(263)

16. Budget and Accrual Reconciliation (Continued)  
(Dollars in Millions)

2025	FBF Intragover nmental	FBF With the Public	FBF Total	ASF Intragovern mental	ASF With the Public	ASF Total	Other Funds Intragover nmental	Other Funds With the Public	Total	Less: Intra- GSA Elimination s Intragover nmental	Less: Intra- GSA Elimination s With the Public	Less: Intra- GSA Elimination s Total	GSA Consolida ted Intragover nmental	GSA Consolid ated With the Public	GSA Consolid ated Total
<b>Components of the budget outlays that are not part of net operating cost</b>															
Acquisition of capital assets	—	3,349	3,349	—	1,206	1,206	—	8	8	—	—	—	—	4,563	4,563
Transfers out (in) without reimbursements	—	—	—	—	—	—	(6)	—	(6)	—	—	—	(6)	—	(6)
Other	—	8	8	—	2	2	—	—	—	—	—	—	—	10	10
Net Outlays (Receipts) from Operating Activity			(345)			(165)			341			—			(169)
Distributed Offsetting Receipts			—			—			(207)			—			(207)
<b>Total Net Outlays (Receipts)</b>			<b>\$(345)</b>			<b>\$(165)</b>			<b>\$134</b>			<b>\$—</b>			<b>\$(376)</b>

## 17. Net Cost by Responsibility Segment

OMB Circular A-136, *Financial Reporting Requirements*, requires that the presentation aligns with the goals and outcomes identified in the agency's strategic plan. The strategic goals presented in GSA's Consolidated Statement of Net Cost are derived from the missions of the agency's two largest service organizations: the Public Buildings Service (PBS), which manages the Federal Buildings Fund, and the Federal Acquisition Service (FAS), which manages the Acquisition Services Fund.

PBS manages building operations by overseeing the design, construction, leasing, and maintenance of Government-owned and -leased facilities. Responsibility segments include the Government-owned and Leased Building segments.

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

The GSA agencywide strategic plan goals of providing cost savings to customers, increasing operational efficiency, and delivering excellent customer service are embedded in the missions of its service organizations. Revenues and expenses not associated with PBS or FAS are reported as Working Capital and General Programs. Eliminations of intra-agency activity are recorded against the organization providing the goods or services, displayed in the Intra-GSA Elimination column. The following table presents the FY 2025 net operating results by strategic goal for each responsibility segment.

## 17. Net Cost by Responsibility Segment

For the Fiscal Year Ended September 30, 2025

(Dollars in Millions)

	FBF - Owned	FBF - Leased	ASF - GS&S	ASF - TTL	ASF - IT	ASF - AAS	ASF - PS&HC	ASF - CAS	ASF - Other	WCF	General Funds	GSA Combined	Intra- GSA Elims	GSA Consolidated
<b>Manage Building Operations</b>														
Earned Revenues	\$5,537	\$6,661	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$12,198	\$39	\$12,159
Less: Operating Expenses	5,352	7,407	—	—	—	—	—	—	—	—	—	12,759	70	12,689
<b>Net Revenues from (Cost of) Operations</b>	<b>185</b>	<b>(746)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(561)</b>	<b>(31)</b>	<b>(530)</b>
<b>Provide Acquisition Services</b>														
Earned Revenues	—	—	1,954	3,357	772	19,593	136	45	205	—	—	26,062	186	25,876
Less: Operating Expenses	—	—	1,929	2,918	708	19,466	160	54	343	—	—	25,578	212	25,366
<b>Net Revenues from (Cost of) Operations</b>	<b>—</b>	<b>—</b>	<b>25</b>	<b>439</b>	<b>64</b>	<b>127</b>	<b>(24)</b>	<b>(9)</b>	<b>(138)</b>	<b>—</b>	<b>—</b>	<b>484</b>	<b>(26)</b>	<b>510</b>
<b>Working Capital and General Funds</b>														
Earned Revenues	—	—	—	—	—	—	—	—	—	885	64	949	871	78
Less: Operating Expenses	—	—	—	—	—	—	—	—	—	881	499	1,380	878	502
<b>Net Revenues from (Cost of) Operations</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>4</b>	<b>(435)</b>	<b>(431)</b>	<b>(7)</b>	<b>(424)</b>
<b>GSA Consolidated Net Results</b>														
Earned Revenues	5,537	6,661	1,954	3,357	772	19,593	136	45	205	885	64	39,209	1,096	38,113
Less: Operating Expenses	5,352	7,407	1,929	2,918	708	19,466	160	54	343	881	499	39,717	1,160	38,557
<b>Net Revenues from (Cost of) GSA Operations</b>	<b>\$185</b>	<b>\$(746)</b>	<b>\$25</b>	<b>\$439</b>	<b>\$64</b>	<b>\$127</b>	<b>\$(24)</b>	<b>\$(9)</b>	<b>\$(138)</b>	<b>\$4</b>	<b>\$(435)</b>	<b>\$(508)</b>	<b>\$(64)</b>	<b>\$(444)</b>

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

To prepare the Financial Report of the U.S. Government (Financial Report), the U.S. Department of the Treasury requires agencies to submit an adjusted trial balance, which is a listing of amounts by the U.S. Standard General Ledger account that appear in the financial statements. The U.S. Treasury uses the trial balance information reported in the Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a reclassified statement of net cost and a reclassified statement of changes in Net Position. The U.S. Treasury eliminates intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the Financial Report financial statements. This note shows GSA's financial statements and GSA's reclassified statements prior to elimination of intragovernmental balances and prior to aggregation of repeated Financial Report line items. The 2024 Financial Report is available on the U.S. Treasury's Bureau of the Fiscal Service's website and a copy of the 2025 Financial Report will be posted to that site as soon as it is released.

The term "federal" is used in this note to refer to amounts that result from other components of the Federal Government. The term "non-federal" is used in this note to refer to Federal Government amounts that result from transactions with non-federal entities. These include transactions with individuals, businesses, non-profit entities, and State, local, and foreign governments



18-1. Reclassification of GSA's Statement of Net Cost for the Financial Report of the U.S.  
Government  
(Dollars in Millions)

FY 2025 GSA Statement of Net Cost		Line Items Used to Prepare FY 2025 Government-wide Statement of Net Cost	
GSA Financial Statement Line	Amounts	Amounts	Reclassified Financial Statement Line
<b>GSA Consolidated Net Results</b>			<b>GSA Consolidated Net Results</b>
Earned Revenues	\$38,113	\$1	Borrowing and Other Interest Revenue
		37,038	Buy/Sell Revenue
		37,039	Total Federal Earned Revenue
		1,074	Non-federal Earned Revenue
		38,113	Department Total Earned Revenue
Less: Operating Expenses	38,557	451	Benefit Program Costs
		302	Buy/Sell Costs
		263	Imputed Costs
		127	Other Expenses (Without Reciprocals)
		1,143	Total Federal Gross Costs
		37,414	Non-Federal Gross Costs
		38,557	Department Total Gross Costs
<b>Net Revenues From (Cost of) Operations</b>	<b>\$(444)</b>	<b>\$(444)</b>	<b>Net Cost of Operations</b>

18-2. Reclassification of GSA's Statement of Changes in Net Position for the Financial Report of the U.S. Government

(Dollars in Millions)

FY 2025 GSA Statement of Changes in Net Position		Line Items Used to Prepare FY 2025 Government-wide Statement of Changes in Net Position	
GSA Financial Statement Line	Amounts	Amounts	Reclassified Financial Statement Line
<b>BEGINNING BALANCE OF NET POSITION</b>			<b>BEGINNING BALANCE OF NET POSITION</b>
Unexpended Appropriations	\$7,933	\$7,933	Net Position, Beginning of Period
Cumulative Results of Operations	41,869	41,869	Net Position, Beginning of Period
<b>Net Position Beginning Balance</b>	<b>49,802</b>	<b>49,802</b>	<b>Net Position, Beginning of Period</b>
<b>CHANGES IN UNEXPENDED APPROPRIATIONS</b>			<b>CHANGES IN UNEXPENDED APPROPRIATIONS</b>
Appropriations Received	312	312	Appropriations Received as Adjusted (Rescissions and Other Adjustments)
Appropriations Used	(873)	(873)	Appropriations Used
Appropriations Adjustments and Transfers (To) From Other Agencies or Funds	(1,612)	(1,547)	Appropriations Received as Adjusted (Rescissions and Other Adjustments)
		2	Nonexpenditure Transfers-In of Unexpended Appropriations and Financing Sources
		(67)	Nonexpenditure Transfers-Out of Unexpended Appropriations and Financing Sources
<b>Net Change in Unexpended Appropriations</b>	<b>(2,173)</b>	<b>(2,173)</b>	<b>Net Change in Unexpended Appropriations</b>
<b>RESULTS OF OPERATIONS</b>			<b>RESULTS OF OPERATIONS</b>
Net Revenues From (Cost of) Operations	(444)	(444)	Net Cost of Operations
Appropriations Used (Note 1-C)	873	873	Appropriations Expended
Non-Exchange Revenue (Notes 1-C, 1-D)	200	(10)	Other Non-Budgetary Financing Sources
		210	Other Taxes and Receipts
Imputed Financing Provided By Others	263	263	Imputed Financing Sources
Transfers of Financing Sources (To) From the U.S.Treasury	(45)	(45)	Non-Entity Collections Transferred to the General Fund of the U.S. Government
Transfers of Net Assets and Liabilities (To) From Other Federal Agencies	116	(1)	Accrual of Collections Yet to be Transferred to a TAS Other Than the General Fund of the U.S. Government
		29	Expenditure Transfers-In of Financing Sources
		(24)	Expenditure Transfers-Out of Financing Sources
		112	Transfers-In Without Reimbursement
Other	(3)	(3)	Other Non-Budgetary Financing Sources
<b>Net Change in Cumulative Results of Operations</b>	<b>960</b>	<b>960</b>	<b>Net Change in Cumulative Results of Operations</b>
<b>ENDING BALANCE OF NET POSITION</b>			<b>ENDING BALANCE OF NET POSITION</b>
Unexpended Appropriations	5,760	5,760	Net Position, End of Period
Cumulative Results of Operations	42,829	42,829	Net Position, End of Period
<b>Net Position Ending Balance</b>	<b>\$48,589</b>	<b>\$48,589</b>	<b>Net Position, End of Period</b>

## 19. Public-Private Partnerships (P3s)

SFFAS 49, *Public-Private Partnerships*, helps achieve the operating performance and budgetary integrity objectives outlined in Statement of Federal Financial Accounting Concepts 1, *Objectives of Federal Financial Reporting*, by making P3s more understandable. This statement establishes principles to ensure that any necessary disclosures about P3s are presented in the agency's AFR. SFFAS 49 mandates that when arrangements with private entities meet certain characteristics, these arrangements must be disclosed in the AFR.

PBS enters into long-term (greater than 5 years) arrangements (contracts) with private corporations, where: 1) There is a risk-reward relationship; 2) The arrangement results in a long-lived asset; or 3) PBS relies on the P3 partner's determination of the performance or return on investment.

### Outleases

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

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

Some of GSA's outlease arrangements are long-term (i.e., greater than 5 years), and entail 1) a risk/reward relationship; 2) a term that encumbers a significant portion of the economic life of the asset; and 3) rent that is based, in part, on a percentage of gross revenues reported by the tenant. The term of an outlease arrangement can vary — from a single day usage of space to multiple years in length. Currently, the longest remaining outlease term is 56 years.

The general risk of loss to the Federal Government is low, but there is risk associated with an uncured tenant default that may result in a lease termination and unexpected vacancy or damage to the property. In this instance, GSA may incur costs to repair any damage to the property or to operate and maintain the property during any period of vacancy.

The outlease agreements generally require the non-federal entity to assume all of the costs and expenses associated with maintaining and operating the leased property during the term of the agreement.

Agreement amounts due monthly to GSA are shown below for the fixed amounts from outleases with terms greater than 5 years. The amounts reported below do not include any variable

payment portions due to GSA from the business entities sales in outyears, as those are not known.

## Energy Savings Performance Contracts and Utility Energy Service Contracts

The National Energy Conservation Policy Act, as amended, authorizes federal agencies to enter into energy savings performance contracts (individually, an ESPC) with energy service companies (individually, an ESCO) for the purpose of achieving energy savings and other related benefits. This authority is codified at 42 U.S.C. § 8287. Similarly, utility energy service contracts (individually, a UESC) is a limited-source acquisition between a federal agency and a serving utility company for energy management services, including energy and water efficiency improvements and energy demand reduction. This authority is codified under 42 U.S.C. § 8256.

Agencies enter into these contracts with limited to no up-front capital costs, thereby minimizing the need for congressional appropriations. The ESCO or utility company conducts a comprehensive energy audit for the federal facility and identifies improvements to achieve energy savings. In consultation with the agency, the ESCO or utility company designs and constructs a project that meets the agency's needs and arranges the necessary funding. The ESCO guarantees that the improvement projects will generate energy, water and related savings sufficient to pay for the project over the term of the ESPC. The ESPCs cost savings must be verified and documented annually. For UESCs the performance of the equipment must be validated annually. Both performance validation (UESCs) and energy savings validation (ESPCs) provide for the assumption that after the contract ends, any additional energy savings accrue to the agency.

Generally, the risk of loss to the Federal Government is low, but there is risk associated with 1) the potential failure of an ESCO or utility company to provide ongoing satisfactory performance throughout the project lifecycle to ensure that the project is successful as designed; 2) the potential chance that equipment might be improperly operated and maintained, resulting in less than expected savings; and 3) the potential that financial loss from early contract termination could include termination fees. All costs for the actual ESPC or UESC equipment installed in GSA's buildings are recognized when the assets are initially accepted and recognized as installment contract liabilities on the consolidated balance sheet. The payback period with the ESCO or utility company varies per arrangement; however, it is generally between 10 and 20 years. Since the costs of ESPC or UESC projects are intended to be paid for via energy savings with no need for additional funding, if savings are not realized due to Government action, alternative funding sources may have to be used to satisfy contractual commitments. For ESPCs, this risk is mitigated if the savings are not realized due to ESCO non-performance as the Government then has the ability to reduce or withhold payment. The potential for a shortfall in energy savings is the primary financial risk related to ESPCs and UESCs. With regard to any technical performance risk, generally, the ESCO or utility company is responsible for ensuring that energy savings are met throughout the performance period.

In the table below, of the \$1.4 billion shown in the table below as the amount to be paid in future periods, \$776 million has been recognized as installment contract liability as of September 30, 2025; \$222 million is for the future interest costs associated with the long-term financing of that

liability; and \$428 million represents the contractual estimate of post performance period support costs (e.g. operations and maintenance) to be incurred over the life of the ESPC/UESCs.

## Power Purchase Agreements

Power Purchase Agreements (PPAs) are contracts for public utility services and fall within GSA's authority under 40 U.S.C. §501(b)(1). A PPA is a long-term contract between a renewable energy developer and GSA. The developer constructs, owns and operates a renewable energy resource requiring no up-front capital from GSA. GSA agrees to purchase the project's output for a fixed price during the contract term. GSA may receive the associated ("bundled") Renewable Energy Credits (RECs).

The general risk of loss to GSA for PPAs is moderate, as these agreements are subject to market risk. If electricity prices decline during the term of the agreements, GSA may end up paying more for fixed price electricity than it would on the open market. Similar concerns for the sale of RECs as the market is extremely difficult to estimate.

GSA has authority to enter into PPAs for periods not exceeding ten-years pursuant to 40 U.S.C. § 501 and GSAM 517.204(b). The PPAs in our disclosure are for 10 years. These agreements provide for monthly netting of the amount owed to the PPA with the credits from excess energy generation and REC sales.

In FY 2025, GSA approved payments of \$32 million, through a third party with such renewable energy developers and received credits of \$19 million for excess energy generation and the sale of RECs. The estimate of the amount to be paid is the average monthly amount paid for each of the PPAs since the beginning of the contract. The monthly estimate is then applied to the months in which an invoice has not been received. GSA used the price per REC during the last sale multiplied by the RECs in inventory as of September 30, 2025 to estimate the amount to be received.

### 19. Public-Private Partnerships Revenues and Expenses

*(Dollars in Millions)*

	2025 Actual Amount Received in Fiscal Year	2025 Actual Amount Paid in Fiscal Year	Future Periods Estimated Amount to be Received	Future Periods Estimated Amount to be Paid
Outleases	\$14	\$—	\$219	\$—
ESPCs/UESCs	—	122	—	1,426
PPAs	19	32	1	40

## 20. Funds from Dedicated Collections

GSA receives Dedicated Collections only in its Other Funds category. The amounts are not material to the consolidated financial statements.

## 21. Subsequent Events

In November 2025, subsequent to the balance sheet date but prior to the issuance of the financial statements, GSA authorized the transfer of a building with the net book value of \$105 million to another Independent Agency. This event does not affect the financial statements for the year ended September 30, 2025.

The Technology Modernization Fund's (TMF) authority to invest in new projects expired on December 12, 2025. There is no change to current TMF investments, all existing financial agreements remain in effect.

## Required Supplementary Information (Unaudited)

### Deferred Maintenance and Repairs

The U.S. General Services Administration (GSA) reports deferred maintenance and repairs (DM&R) consistent with the definition in SFFAS 42, *Deferred Maintenance and Repairs: Amending Statements of Federal Financial Accounting Standards 6, 14, 29, and 32* which states "Deferred maintenance and repairs (DM&R) are maintenance and repairs that were not performed when they should have been or were scheduled to be and which are put off or delayed for a future period." Maintenance and repairs are activities directed toward keeping fixed assets in an acceptable condition. Activities include preventive maintenance; replacement of parts, systems, or components; and other activities needed to preserve or maintain assets. Maintenance and repairs, as distinguished from capital improvements, exclude activities directed towards expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, its current use.

In accordance with SFFAS 42, GSA has disclosable DM&R related to its inventory of buildings under the jurisdiction, custody or control of the Public Buildings Service. GSA utilizes a Building Assessment Tool (BAT) to determine the total amount of repairs and alterations (R&A) needed to correct major components or system deficiencies in federally owned buildings (and certain leased buildings where GSA has responsibility for R&A).

The BAT is a 40 section survey that provides an assessment of the physical conditions of each building's basic structure and systems. Building assessments electronically document building conditions, with each building being surveyed once every five years. Buildings included in the assessment could be capitalized PP&E, fully depreciated general PP&E, or non-capitalized general PP&E leased buildings. GSA requires a building assessment for every federally-owned, leased, or delegated asset controlled by GSA that meets all the following criteria:

- GSA has R&A responsibility;
- The asset maintains an "active" or "excess" status; and
- The asset has a real property type of "building" or "structure."

BAT survey cost estimates use the surveyor's assessment of the asset's defects and pre-selected line-item costs and quantities to arrive at a rough order of magnitude cost estimate. These costs are updated annually based on the asset's location, unique conditions (i.e., the building's security level, unique space buildout, and the historical nature of the asset), and line-item costs are updated based on current material and labor market conditions using RSMeans™ cost data. The surveyor can also use more accurate cost estimates (i.e., previous studies or project proposals) to override the system-generated costs.

In prior years, GSA conducted on-site condition assessments on a biennial basis. Beginning in FY 2025, due to resource constraints and to align with the minimum data requirements of the Federal Real Property Council (FRPC), GSA transitioned to a five-year assessment cycle. Under this model, each building is surveyed once every five years

Per SFFAS 6, there are three categories of PP&E: (1) general PP&E; (2) heritage assets; and (3) stewardship land. GSA does not have stewardship land; all land held is used to meet



operational missions and reported under General PP&E. Further, all historic buildings are considered multi-use heritage assets and in accordance with SFFAS 29, are also reported as General PP&E. All assets meeting the above criteria are included in the BAT analysis.

GSA uses survey results to develop a multi-year plan for all R&A projects, not just those associated with DM&R. GSA prioritizes projects based on the Agency's Strategic Goals and GSA's mission to design, deliver, and maintain safe, smart, and cost-effective workplaces that enable employees and agencies to best serve the American people. GSA prioritizes construction, R&A, and disposal projects based on the lowest viable cost to the taxpayer, the needs of our customers and stakeholders, and the impact to the portfolio. Investment opportunities are evaluated across categories that include:

- Fire, life, health, and environmental;
- Physical security;
- Serviceability;
- Special emphasis programs; or
- Tenant space alterations.

Data collected through the survey is used to support GSA's overall building assessment, workload planning, and budgeting needs, and is not designed to specifically capture data that would be defined as DM&R. However, subsets of the workload planning directly result from conditions classified as DM&R. GSA has determined results from analysis of data in the BAT can be used to provide a reasonable estimate to meet the Federal Accounting Standards Advisory Board DM&R reporting requirements. Based on the analysis of the BAT results, GSA estimated the total cost of DM&R for activities categorized as immediate requirements to restore or maintain acceptable conditions within the building inventory to be approximately \$6.2 billion for FY 2025 and \$6.1 billion for FY 2024. The rise in DM&R from the previous fiscal year is attributable to several factors, including unaddressed maintenance requirements due to funding limitations previously categorized as future year needs becoming immediate needs and therefore DM&R, as well as, increases in material and labor costs.

GSA measures the condition of its inventory of buildings by using an industry-accepted metric called the Facility Condition Index (FCI). The FCI is the ratio between total repair and alteration needs and the functional replacement value of an asset. Based on the end of FY 2025 BAT data, approximately 57.5 percent of GSA's inventory, according to square footage, is considered in "Good Condition," with an FCI of 10 percent or less.

To report the minimum maintenance and repair amount needed to ensure that mission critical facilities remain mission capable, GSA defines mission critical facilities as all active buildings and structures where GSA retains repair and alteration responsibilities. These facilities directly support the mission of tenant agencies and are integral to delivering public services. This definition excludes any buildings or structures that have an approved Report of Excess (ROE) and are therefore no longer mission critical to GSA's active inventory or repair obligation. This approach ensures that deferred maintenance planning and resource prioritization are focused on assets where GSA continues to have stewardship responsibility and where maintenance investments are essential to support federal missions.



A building or structure is considered mission capable when it meets a baseline level of physical condition that allows it to support the tenant agency's mission without significant disruption or degradation of service. Assets considered in "Good" condition with an FCI of 10 percent or less are mission capable. Maintaining facilities at this level ensures they remain functional, safe, and aligned with mission requirements. For FY 2025, the total maintenance and repair amount to keep the mission critical facilities mission capable is \$7.9 billion.<sup>4</sup>

As part of the development of its annual Capital Investment Program Budget Request, GSA prioritizes asset investment dollars that continue to generate the funds required to sustain the owned inventory and support the long-term needs of the Federal Government. To evaluate potential projects, GSA utilizes a strategic investment strategy that includes financial as well as other metrics to evaluate potential projects' funding needs and prioritization. PBS's criteria for selecting projects also considers reducing current and future DM&R significantly. These metrics support the portfolio's transition to a lean and sustainable cost structure through selecting those projects that align with our long-term strategic objectives. GSA also considers DM&R, among other factors, when evaluating potential candidates for disposition.

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<sup>4</sup> The deferred maintenance and repair needs disclosed above is reflective of immediate needs within the inventory; the dollar amount of maintenance and repair needs for PBS' mission capable assets is inclusive of future year maintenance and repair anticipated need to maintain these assets in good condition.

## Combining Statement of Budgetary Resources

In its principal financial statements, GSA displays balances for the two major funds (the Federal Buildings Fund and the Acquisition Services Fund) while combining all remaining funds into an “Other Funds” group. Within the Other Funds group, the Working Capital Fund (WCF) and Technology Modernization Fund (TMF) make up approximately 68 percent of the total budgetary resources. As these funds are significant components of the total Other Funds budgetary results, below is a schedule showing the activities of WCF, TMF, and Other Funds For the year ended September 30, 2025.

### Combining Statement of Budgetary Resources (Dollars in Millions)

Budgetary Resources	FBF	ASF	Other Funds	GSA Combined
Unobligated Balance from Prior Year Budget Authority, Net (Note 13)	\$12,761	\$5,755	\$742	\$19,258
Appropriations	(1,530)	—	347	(1,183)
Spending Authority from Offsetting Collections	10,338	26,385	1,032	37,755
<b>Total Budgetary Resources</b>	<b>21,569</b>	<b>32,140</b>	<b>2,121</b>	<b>55,830</b>
<b>Status of Budgetary Resources</b>				
New Obligations and Upward Adjustments	12,379	28,275	1,242	41,896
Unobligated Balance, End of Period				
Apportioned, Unexpired Accounts	9,159	2,260	440	11,859
Unapportioned, Unexpired Accounts	31	1,605	392	2,028
Unexpired Unobligated Balance, End of Period	9,190	3,865	832	13,887
Expired Unobligated balance, End of Period	—	—	47	47
Unobligated Balance, End of Period, Total	9,190	3,865	879	13,934
<b>Total Status of Budgetary Resources</b>	<b>21,569</b>	<b>32,140</b>	<b>2,121</b>	<b>55,830</b>
<b>Outlays, Net</b>				
Net Outlays (Receipts) from Operating Activity	(345)	(165)	341	(169)
Distributed Offsetting Receipts	—	—	(207)	(207)
<b>Total Net Agency Outlays (Receipts)</b>	<b>\$(345)</b>	<b>\$(165)</b>	<b>\$134</b>	<b>\$(376)</b>

Combining Statement of Budgetary Resources - Other Funds  
(Dollars in Millions)

	Working Capital Fund	Technology Modernization Fund	Other Funds Excluding WCF and TMF	Other Funds
<b>Budgetary Resources</b>				
Unobligated Balance from Prior Year Budget Authority, Net	\$217	\$266	\$259	\$742
Appropriations	4	(13)	356	347
Spending Authority from Offsetting Collections	887	72	73	1,032
<b>Total Budgetary Resources</b>	<b>1,108</b>	<b>325</b>	<b>688</b>	<b>2,121</b>
<b>Status of Budgetary Resources</b>				
New Obligations and Upward Adjustments	804	32	406	1,242
Unobligated Balance, End of Period				
Apportioned, Unexpired Accounts	105	192	143	440
Unapportioned, Unexpired Accounts	199	101	92	392
Unexpired Unobligated Balance, End of Period	304	293	235	832
Expired Unobligated balance, End of Period	—	—	47	47
Unobligated Balance, End of Period, Total	304	293	282	879
<b>Total Status of Budgetary Resources</b>	<b>1,108</b>	<b>325</b>	<b>688</b>	<b>2,121</b>
<b>Outlays, Net</b>				
Net Outlays (Receipts) from Operating Activity	23	(42)	360	341
Distributed Offsetting Receipts	—	—	(207)	(207)
<b>Total Net Outlays (Receipts)</b>	<b>\$23</b>	<b>\$(42)</b>	<b>\$153</b>	<b>\$134</b>

## Accounting and Reporting on Government Land

SFFAS 59, *Accounting and Reporting on Government Land*, requires the disclosure of estimated acres of land classified as General Property, Plant and Equipment, as well as acres held for disposal or exchange to a non-federal entity.

40 U.S.C. § 581 and 40 U.S.C. § 3304 authorize the acquisition of property or an interest in property by GSA. Through the end of FY 2025, GSA had an estimated 8,500 acres in its custody and control. This acreage supports the agency's mission to design, deliver, and maintain safe, smart, and sustainable workspaces that enable agencies to best serve the American public.

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

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

PP&E Land	Commercial Use	Conservation and Preservation	Operational	Total Estimated Acreage
Start of FY 2025	15	—	8,444	8,459
End of FY 2025	15	—	8,528	8,543

Stewardship Land	Commercial	Conservation and Preservation	Operational	Total Estimated Acreage
Start of FY 2025	—	—	—	—
End of FY 2025	—	—	—	—

Held for Disposal or Exchange (also included in the balances above)	Commercial	Conservation and Preservation	Operational	Total Estimated Acreage
Start of FY 2025	—	—	761	761
End of FY 2025	—	—	737	737

SFFAS 59 mandates the continued capitalization of land asset balances at their historical cost on the consolidated balance sheet for FY 2025 and GSA is in compliance with the standard.



U.S. General Services  
Administration

# Other Information

**(Unaudited)**

# Summary of Financial Statement Audit and Management Assurances (Unaudited)

Table 1 Summary of Financial Statement Audit						
Audit Opinion:	Unmodified					
Restatement:	No					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance	
Deficiencies in Internal Controls over Financial Reporting	0	1	0	0	1	
Total Material Weaknesses	0	1	0	0	1	
Table 2 Summary of Management Assurance						
Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Modified					
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Deficiencies in Internal Controls over Financial Reporting	0	1	0	0	0	1
Total Material Weaknesses	0	1	0	0	0	1
Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance	Unmodified					
	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0
Compliance with Federal Financial Management Systems Requirements (FMFIA § 4)						
Statement of Assurance	Federal Systems conform to financial management system requirements					
	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Non-compliance	0	0	0	0	0	0
Compliance with Section 803(a) of the Federal Financial Management Improvement Act (FFMIA)						
	Agency			Auditor		
1. Federal Financial Management System Requirements	No lack of substantial compliance noted			No lack of substantial compliance noted		
2. Applicable Federal Accounting Standards	No lack of substantial compliance noted			No lack of substantial compliance noted		
3. USSGL at Transaction Level	No lack of substantial compliance noted			No lack of substantial compliance noted		



**U.S. General Services Administration**  
Office of Inspector General

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October 8, 2025

TO: MICHAEL RIGAS  
ACTING ADMINISTRATOR (A)

FROM: for ROBERT C. ERICKSON, JR.  
DEPUTY INSPECTOR GENERAL (J)

**EDWARD  
MARTIN**

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EDWARD MARTIN  
Date: 2025.10.08 15:06:58  
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SUBJECT: Assessment of GSA's Management and Performance Challenges for Fiscal Year 2026

As required by the Reports Consolidation Act of 2000, Public Law 106-531, we have prepared for inclusion in the Fiscal Year 2025 Agency Financial Report the attached assessment summarizing what we consider to be the most significant management and performance challenges facing GSA in Fiscal Year 2026.

This year we have identified significant challenges in the following areas:

1. Implementation of GSA-Wide Reorganization Efforts
2. Establishing and Maintaining an Effective Internal Control Environment
3. Improving Contract Award and Administration
4. Developing Efficient and Effective Acquisition Solutions
5. Maximizing the Performance of GSA's Real Property Inventory
6. Managing Agency Cybersecurity Risks
7. Providing a Safe Work Environment
8. Securing Federal Facilities
9. Changing the Direction of the Technology Transformation Service
10. Overhauling the Federal Acquisition Regulation

Please review the attached assessment at your earliest convenience. If you have any questions or wish to discuss our assessment further, please call me on (202) 501-0450. If your staff needs any additional information, they may also contact R. Nicholas Goco, Assistant Inspector General for Auditing, at (202) 501-2322.

Attachment

# OFFICE OF INSPECTOR GENERAL'S ASSESSMENT OF GSA'S MANAGEMENT AND PERFORMANCE CHALLENGES FOR FISCAL YEAR 2026

## EXECUTIVE SUMMARY

GSA currently faces a multitude of challenges. Ongoing reorganization efforts, significant personnel reductions, perennial funding shortfalls, and rapidly evolving business practices are stretching the agency's ability to manage its responsibilities to the American taxpayer.

This report lays out the Office of Inspector General's assessment of GSA's most significant management and performance challenges for Fiscal Year 2026. These challenges are summarized as follows:

**Challenge 1: Implementation of GSA-Wide Reorganization Efforts** – Although the president directed agencies to develop reorganization plans to most efficiently deliver their statutorily required functions, GSA undertook widespread staffing reductions before it had effective reorganization plans in place. This resulted in a series of unintended consequences. GSA should assess its reorganization efforts to ensure it has the resources and skill sets necessary to fulfill its statutory mission while meeting the president's call for efficiency and savings.

**Challenge 2: Establishing and Maintaining an Effective Internal Control Environment** – GSA lacks effective internal controls or does not follow the controls it has in place. This puts the agency at risk of not complying with federal laws and regulations, and inefficiently using or misusing government resources.

**Challenge 3: Improving Contract Award and Administration** – GSA awards contracts annually to procure billions of dollars of products, services, and facilities for federal government agencies. After awarding these contracts, GSA is responsible for proper contract administration to ensure compliance with the terms of the contracts, safeguard the government's interests, and protect taxpayer dollars. Despite GSA's efforts, we continue to find deficiencies in the agency's contract administration practices. These deficiencies, combined with GSA's increased role in government acquisitions, place taxpayer dollars at risk.

**Challenge 4: Developing Efficient and Effective Acquisition Solutions** – GSA's Federal Acquisition Service (FAS) is undertaking several initiatives that will have a major impact on its acquisition solutions. These initiatives include streamlining and right-sizing the Multiple Award Schedule Program, managing supply chain risk, and consolidating government procurement. While these initiatives are intended to help FAS meet GSA's commitments, they also significantly change FAS's processes and programs, creating challenges to FAS's ability to meet its mission.



**Challenge 5: Maximizing the Performance of GSA’s Real Property Inventory** – GSA’s Public Buildings Service (PBS) must maximize the performance of its real property inventory to provide its tenant agencies with space that meets their needs at a reasonable cost to the taxpayer. To achieve this goal, PBS must determine the best approach to accelerate the disposal of federal buildings and to meet the operations and maintenance needs of its increasingly aging building inventory. Further, PBS must properly administer its capital construction program and ensure effective management of its energy and utility contracts.

**Challenge 6: Managing Agency Cybersecurity Risks** – The Office of GSA IT must continue to identify and implement technical solutions and processes to mitigate cyber threats and risks in an environment of evolving priorities, reduced budgets and staff, and increasingly sophisticated cyberattacks.

**Challenge 7: Providing a Safe Work Environment** – GSA is responsible for providing a safe and healthful work environment at buildings under its jurisdiction, custody, and control. To foster a safe work environment, GSA must continue to address ongoing challenges to its management of, among other things, drinking water quality; environmental contaminants, including asbestos; fire and life safety risks; and fall protection.

**Challenge 8: Securing Federal Facilities** – GSA needs to strengthen its monitoring and enforcement of security protocols at federal facilities nationwide.

**Challenge 9: Changing the Direction of the Technology Transformation Service** – Past oversight of GSA’s Technology Transformation Service (TTS) has reported weaknesses in its management controls related to oversight, financial management, performance, information technology, and human capital. In Fiscal Year 2026, with a 67 percent staffing reduction and changing priorities, TTS remains at risk of misspent taxpayer money and degradation of services for its customer agencies.

**Challenge 10: Overhauling the Federal Acquisition Regulation** – The GSA Office of Acquisition Policy is responsible for writing and maintaining the Federal Acquisition Regulation (FAR) as part of the Federal Acquisition Regulatory Council. Executive Order 14275, *Restoring Common Sense to Federal Procurement*, has tasked the Council to completely overhaul the FAR within 180 days of April 15, 2025. GSA is challenged with overhauling the FAR and adopting deviations within this extremely short amount of time.

## OFFICE OF INSPECTOR GENERAL'S ASSESSMENT OF GSA'S MANAGEMENT AND PERFORMANCE CHALLENGES FOR FISCAL YEAR 2026

### Challenge 1: Implementation of GSA-Wide Reorganization Efforts

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In February 2025, the president issued an executive order requiring federal agencies to reform the federal workforce to maximize efficiency and productivity.<sup>1</sup> As part of this order, the president directed federal agencies to “promptly undertake preparations to initiate large-scale reductions in force, consistent with applicable law.” Accordingly, the president directed agencies to develop agency reorganization plans so that the reductions in force would enable agencies to most efficiently deliver their statutorily required functions.

In response, GSA undertook widespread staffing reductions before it had effective reorganization plans in place, leading to a series of unintended consequences. For example, GSA's Public Buildings Service (PBS) significantly reduced its Design and Construction workforce while still undertaking more than 16,100 construction, repair, and alteration projects nationwide. Project managers provide critical oversight, holding contractors accountable for the work performed and supporting PBS's ability to complete projects on time and within budget. The project management staffing reductions have led to shortages in available staff to manage PBS's construction workload. As a result, PBS has had to call upon staff from disparate parts of the country to meet project management needs. For one capital project, a construction contractor contacted an Office of Inspector General (OIG) audit team because the entire PBS project team left the agency, and the contractor did not have contact information for replacement personnel. Further, the new project contracting officer, assigned from another region, did not have access to the contract file.

Similarly, PBS has faced challenges with the management of its nationwide portfolio of more than 7,400 leases due to significant lease personnel reductions. These staffing reductions have particularly diminished the ranks of lease contracting officers who are responsible for negotiating with lessors to obtain favorable and cost-effective lease terms for the government. In one region alone, PBS reduced its leasing staff by 56 percent. At the same time, the region saw a 37 percent increase in its assigned leasing workload. Faced with managing so many leases with reduced staff, the regional lease contracting officers are unable to undertake full lease acquisitions to meet customer needs. Instead, the lease contracting officers are executing lease extensions and holdovers. However, as we reported in June 2020, lease extensions and holdovers are costly and inefficient means of managing PBS's lease portfolio.<sup>2</sup> This is because extensions and holdovers limit the negotiating power of the government to secure favorable contract terms, rental rates, or other conditions due to a lack of competition.

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<sup>1</sup> Executive Order 14210, *Implementing the President's "Department of Government Efficiency" Workforce Optimization Initiative*, February 11, 2025.

<sup>2</sup> *Audit of PBS's Lease Extensions and Holdovers* (Report Number A190033/P/R/R20007, June 22, 2020).

GSA's Federal Acquisition Service (FAS) also faces challenges due to significant staffing reductions. For example, according to FAS contracting personnel, staffing shortages have required continual adjustments to their workloads and lengthened contract processing times. This has adversely affected contract administration, resulting in confusion and forcing contractors to wait up to 5 months to have requested contract modifications processed. At the same time, efforts are underway to consolidate federal procurement functions to GSA. Consequently, FAS faces the challenge of fulfilling its current workload—in addition to inheriting contracts from multiple federal agencies—with staff who collectively possess far less acquisition experience and institutional knowledge.

In another example, the Office of GSA IT (GSA IT) has experienced a 40 percent reduction in staff. The significant staff reduction has affected GSA IT's ability to implement corrective actions in response to our audit recommendations. For example, GSA recently requested a 1-year extension for the completion of its corrective actions taken in response to our August 2024 audit report, *GSA Should Strengthen the Security of Its Robotic Process Automation Program*.<sup>3</sup> In requesting the extension, GSA cited the loss of "a significant number of personnel resulting in the need to realign resources with impacts across the board," adding that "some key personnel are no longer at GSA."

Similarly, approximately 30 percent of the Office of the Chief Financial Officer's personnel took part in GSA's deferred resignation program. The program's swift implementation prevented many roles and job functions from being properly transitioned. This led to delays in the performance of required tasks for the agency's Fiscal Year (FY) 2025 Financial Statements Audit, as well as breakdowns in the performance of internal controls.

Many aspects of GSA's reorganization remain on hold due to ongoing legal actions and changes in the agency's leadership. During this pause, GSA should conduct a comprehensive assessment of the reorganization to ensure that the agency has the resources and skill sets necessary to fulfill its statutory mission while meeting the president's call for efficiency and savings.

## **Challenge 2: Establishing and Maintaining an Effective Internal Control Environment**

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GSA continues to face significant challenges in establishing a comprehensive and effective system of internal control. GSA is required to establish and maintain internal controls through the Federal Managers' Financial Integrity Act of 1982; U.S. Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*; and U.S. Government Accountability Office (GAO) publication GAO-14-704G, *Standards for Internal Control in the Federal Government*.

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<sup>3</sup> Report Number A230020/B/T/F24004, August 6, 2024.

## **Importance of Internal Control**

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

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

To meet these objectives, management is responsible for designing, implementing, and monitoring controls to ensure the organization is operating effectively. Internal control must be built into the agency's infrastructure to ensure the proper stewardship of public resources. The system of internal control should be the first line of defense in safeguarding assets and preventing and detecting errors and fraud. Accordingly, management must recognize that internal control is not one event, but a series of actions that occur throughout the entity's operation to achieve its objectives.

## **Continuing Internal Control Problems**

Since 2018, we have cited pervasive internal control weaknesses as a challenge for GSA. As described in the examples below, this trend continued in FY 2025:

- In July 2025, we reported that GSA's Technology Transformation Services (TTS) deviated from merit system principles in its hiring and workforce management practices, resulting in noncompliance with federal hiring requirements and raising serious concerns about fairness and accountability.<sup>4</sup>

Specifically, we found that TTS failed to comply with federal hiring authorities by improperly using Direct Hire Authority, which eliminated veterans' preference and appeared to preselect future hires. TTS also failed to annually certify the U.S. Digital Corps group recruitment incentive and misused recruitment strategies. Finally, we reported that the majority of TTS's employees receive the highest available pay grade, and the TTS Talent team performed some of the GSA Office of Human Resources Management's core functions.

- In May 2025, we reported on deficiencies in procurement management reviews (PMRs) performed by the GSA Office of Government-wide Policy's Procurement Management

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<sup>4</sup> *GSA's Technology Transformation Services Violated Hiring Rules and Overpaid Incentives* (Report Number A240037/Q/6/P25001, July 14, 2025).

Review Division.<sup>5</sup> GSA relies on PMRs as a critical internal control to monitor its acquisition programs and evaluate if they are operating effectively, efficiently, and in compliance with applicable policies, regulations, and procedures. However, we found that the Procurement Management Review Division needed to strengthen its PMR reporting process to more effectively identify deficiencies and ensure corrective actions are taken.

Specifically, we reported that PMR reports lack a clear relationship between the PMR scorecard results, findings, recommendations, and whether corrective actions are required. By not requiring corrective actions for findings and recommendations in PMR reports, weaknesses or issues in GSA acquisition programs may not be corrected. In addition, we found that the Procurement Management Review Division is not ensuring that all supporting documentation for corrective plans is maintained in the appropriate system.

- During FY 2025, we issued two alert memorandums that identified deficiencies in PBS's enforcement of security requirements at the San Luis I Land Port of Entry (LPOE) expansion and modernization project:
  - First, in March 2025, we found that the project's construction contractor used a drone manufactured by a Chinese-based company that the U.S. Department of Defense has identified as a potential national security threat.<sup>6</sup>
  - Second, in July 2025, we found that numerous contractor and subcontractor employees worked on the project without the required security clearances.<sup>7</sup> Specifically, we found that 28 employees who failed their clearance were still allowed to work on site, and 62 employees likely did not undergo security screening.

These breakdowns in internal controls inhibit GSA's ability to promote effective and efficient operations and demonstrate that GSA lacks the oversight needed to ensure and enforce compliance with laws, regulations, and policies.

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<sup>5</sup> *The Office of Government-Wide Policy's Procurement Management Review Division Should Strengthen Its Reporting Function* (Report Number A230074/M/6/F25002, May 28, 2025).

<sup>6</sup> *Alert Memorandum: PBS Allowed the Use of a Drone from a Prohibited Source to Photograph Construction at a Land Port of Entry in San Luis, Arizona* (Memorandum Number A220036-5, March 13, 2025).

<sup>7</sup> *Alert Memorandum: Uncleared Contractors Worked on PBS's San Luis I Land Port of Entry Expansion and Modernization Project in San Luis, Arizona* (Memorandum Number A220036-8, July 18, 2025).

## **Failure to Address Findings Identified in Audit Reports**

As part of an effective internal control system, GSA management is responsible for ensuring that its corrective actions resolve audit recommendations in a timely manner. During FY 2025, we conducted implementation reviews of the corrective actions GSA took in response to four previously issued audit reports. As described below, we found that GSA did not fully take the corrective actions for two of these reports.

- ***Implementation Review of Corrective Action Plan – GSA’s Administration of Performance-Based Contracts Puts the Government at Risk of Unsatisfactory Contractor Performance and Wasted Funds.***<sup>8</sup> GSA did not effectively address the recommendations included in our February 2023 audit report on its administration of performance-based contracts.<sup>9</sup> Specifically, we found that GSA did not complete corrective actions to:
  - Revise or issue policy to ensure contracting personnel have clear, descriptive instruction on how to monitor and enforce quality assurance surveillance plans during contract administration to ensure compliance and improve acquisition outcomes; and
  - Implement management oversight to ensure contracting personnel comply with policies and procedures intended to ensure sufficient government oversight of contractor performance.
- ***Implementation Review of Corrective Action Plan – PBS Needs to Strengthen Its Training and Warranting Programs for Contracting Officers.***<sup>10</sup> We found that PBS did not complete corrective actions for three recommendations included in our December 2022 audit report on its contracting officer training and warranting program.<sup>11</sup> Specifically, PBS did not complete corrective actions to:
  - Adequately address the training and development needs of its contracting officers at the GS-12 level and above;
  - Implement a national policy to establish a standardized process for evaluating and verifying the contracting experience and qualifications of warrant applicants; and

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<sup>8</sup> Assignment Number A240079, March 25, 2025.

<sup>9</sup> Report Number A210064/A/3/F23002, February 9, 2023.

<sup>10</sup> Assignment Number A240068, October 29, 2024.

<sup>11</sup> Report Number A210053/P/2/R23002, December 30, 2022.

- Mitigate warrant authority risks created by the limitations of the acquisition career management system of record.

The examples above highlight the persistent problems with GSA's internal controls. GSA management needs to address these issues and continue its efforts to implement a more effective system of internal control.

### Challenge 3: Improving Contract Award and Administration

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GSA awards contracts annually to procure billions of dollars of products, services, and facilities for federal government agencies. After GSA awards a contract, its work turns to contract administration. Contract administration includes monitoring contractor performance against contract terms, reviewing and approving requests for payment, addressing change orders, and closing out contracts. As we noted in our *Assessment of GSA's Management and Performance Challenges for FY 2025*, we continue to find weaknesses in GSA's contract administration, across business lines and contract types.

In FY 2025, we identified additional examples of poor contract and lease administration practices, resulting in violations of regulations, deviations from policies, and waste of taxpayer funds. For example:

- In March 2025, we issued a report on the implementation of the GSA Office of Government-wide Policy's corrective actions taken in response to the recommendations in our February 2023 audit report on GSA's administration of performance-based contracts.<sup>12</sup> In the original audit, we found that GSA contracting personnel were not always establishing or enforcing quality assurance surveillance plans; GSA contracting personnel were not preparing justified or timely past performance reports; and FAS contracting personnel did not comply with an internal policy intended to improve contract administration.<sup>13</sup> We made several recommendations to the GSA Administrator, through FAS, PBS, and the Office of Administrative Services, to address the findings identified in our report.

In conducting the implementation review, we found that GSA did not fully implement the corrective actions to improve the administration of performance-based contracts and reduce the risk of unsatisfactory contractor performance and wasted funds. Specifically, GSA did not complete corrective actions to: (1) revise or issue agency policy to ensure contracting personnel have clear, descriptive instruction on how to monitor

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<sup>12</sup> *Implementation Review of Corrective Action Plan, GSA's Administration of Performance-Based Contracts Puts the Government at Risk of Unsatisfactory Contractor Performance and Wasted Funds, Report Number A210064/A/3/F23002* (Report Number A240079, March 25, 2025).

<sup>13</sup> *GSA's Administration of Performance-Based Contracts Puts the Government at Risk of Unsatisfactory Contractor Performance and Wasted Funds* (Report Number A210064/A/3/F23002, February 9, 2023).



and enforce quality assurance surveillance plans during contract administration to ensure compliance and improve acquisition outcomes; and (2) implement management oversight to ensure contracting personnel comply with policies and procedures intended to ensure sufficient government oversight of contractor performance.

As a result, GSA management is not ensuring that contracting personnel comply with contract administration policies and procedures. This insufficient oversight continues to put GSA at risk of unsatisfactory contractor performance and wasted government funds.

- In July 2025, we issued a report on PBS's award and administration of the energy savings performance contract (ESPC) task order supporting 10 buildings across Texas and Louisiana.<sup>14</sup> We found deficiencies in PBS's award and administration of the contract. Specifically, PBS violated contract requirements and its own policy and guidance by: (1) not witnessing and verifying the energy service company's energy baseline measurements and (2) allowing operations and maintenance (O&M) contractor employees to serve as government witnesses and sign the baseline witnessing forms. As a result, PBS improperly relied on the energy service company's data to negotiate the contractor's guaranteed energy savings and annual savings performance goals.
- In August 2025, we reported on deficiencies in PBS's oversight of an ESPC covering a number of GSA-controlled buildings in the Los Angeles, California, area.<sup>15</sup> In 2020, the contractor installed battery systems at two buildings covered under the ESPC—the Glenn M. Anderson Federal Building in Long Beach, California (Anderson Building), and the Ronald Reagan Federal Building and U.S. Courthouse in Santa Ana, California (Reagan Building). Combined, these battery systems consisted of 3,200 nickel-iron batteries. If not properly maintained, nickel-iron batteries can pose numerous health and safety risks, including the risk of electric shock, release of and exposure to hazardous materials, fire, and explosions.

We found that PBS did not provide effective oversight of the ESPC contractor at the Anderson and Reagan Buildings. For example, PBS did not ensure that the contractor complied with maintenance requirements governing the use of qualified and properly supervised personnel to maintain the nickel-iron batteries. As a result, the batteries were not properly maintained. The improper maintenance likely contributed to a March 2022 battery explosion and release of hazardous materials at the Anderson Building and an April 2022 incident in which a contractor employee sustained chemical burns.

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<sup>14</sup> *PBS Should Improve Its Oversight of the Energy Savings Performance Contract in Texas and Louisiana* (Report Number A240046/P/2/R25003, July 1, 2025).

<sup>15</sup> *PBS's Pacific Rim Region Grossly Mismanaged the Battery Energy Storage Systems at the Glenn M. Anderson Federal Building and the Ronald Reagan Federal Building and U.S. Courthouse, Resulting in Health and Safety Issues* (Report Number A230079/P/4/R25005).



As an agency, GSA is responsible for administering many different contracts, not only for its own purchases, but also purchases for other federal agencies. In particular, FAS administers more than 13,900 Multiple Award Schedule (MAS) contracts that account for more than \$39 billion in government procurements. FAS also administers federal customer contracts through Assisted Acquisition Services. Assisted Acquisition Services contracts represent 60 percent of all federal spending on information technology (IT) and professional services. In addition, FAS administers multiple government-wide acquisition contracts, such as 8(a) STARS III and Polaris, that are specifically aimed at providing government IT and professional services from small businesses.

GSA has taken action to improve contract administration by strengthening policy, addressing performance and training needs of contracting staff, and implementing contract administration process improvements. However, problems continue. Because GSA has so much responsibility over federal contracting and continually has issues with contract administration, significant taxpayer dollars are at risk. It is imperative for GSA to take a deeper look into its contract administration processes and procedures to take corrective action, especially given its recently increased role in government-wide acquisitions.

## **Challenge 4: Developing Efficient and Effective Acquisition Solutions**

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As the federal government's primary provider of acquisition services, GSA has stated that it is focused on maximizing the negotiating power of volume buying, streamlining the procurement process, and improving the procurement technology infrastructure. To assist GSA in meeting these objectives, FAS is undertaking several initiatives that will have a major impact on its acquisition solutions. These initiatives include streamlining and right-sizing the MAS Program, managing supply chain risk, and centralizing government procurement. While these initiatives are intended to help FAS meet GSA's commitments, they also significantly change FAS's processes and programs, creating challenges to FAS's ability to meet its mission.

### **Streamlining the MAS Program**

Beginning in 2016, FAS has transformed the MAS Program through the implementation of several initiatives and tools. These include the transactional data reporting (TDR) pilot, automating pricing tools, and reducing or eliminating contracts. With the simultaneous deployment of these initiatives and tools, FAS is continually challenged to ensure they are effectively implemented, managed, and evaluated so that FAS meets its core objective of leveraging the government's buying power.

**Using TDR to support pricing decisions for MAS contracts.** FAS has never effectively implemented the TDR pilot and has never made it functional for pricing decisions. Prior to the commencement of the TDR pilot in 2016, FAS's goal in price negotiations for MAS contracts was to achieve a contractor's "most favored customer" or best pricing to coincide with the

discounts provided to a contractor's commercial customers. Under the TDR model, however, FAS no longer tries to obtain a contractor's best commercially comparable pricing.

When GSA first proposed the TDR pilot in 2015, it stated that this proposed rule would create a TDR clause to improve GSA's ability to conduct meaningful price analysis and more efficiently and effectively validate fair and reasonable pricing on both its non-MAS and MAS contracts. It would also allow GSA's customers to improve their ability to compare prices prior to placing orders under its contracts. However, this has yet to happen.

Currently, TDR data is barely used for pricing. The TDR pilot is still plagued by data quality and usage issues. Specifically, as of August 5, 2025, more than 72 percent of reported TDR MAS sales data is still not usable. In addition, contracting personnel are not being given access to the complete sets of TDR data. While FAS has started to incorporate TDR data into its Price Point Plus Portal, it only includes TDR pricing data for products when an item is sold at least five times in quantities of five or less. This small subset of transactional data does not take advantage of or leverage the government's buying power. Furthermore, TDR data is only available for sales of products, which make up a minority of MAS sales.

Despite these issues with the TDR pilot program, FAS announced in June 2025 that TDR would be required for all MAS contracts beginning in late 2025. This mandatory requirement will now impact how FAS determines pricing for all contracts in the nearly \$52 billion MAS Program.

FAS's move to make TDR mandatory for all MAS contracts is problematic, especially with FAS's inability to correct data issues and limiting the use of the TDR data it collects. As TDR formally expands to all MAS contracts, FAS will continue to be challenged with ensuring that GSA schedule pricing complies with the Competition in Contracting Act of 1984's requirement that orders result in the lowest overall cost alternative to meet the government's needs.

**Automated pricing tools for MAS contracts.** Instead of relying on commercial sales data or TDR data, FAS contracting personnel largely rely on pricing tools, such as the Contract-Awarded Labor Category tool on services contracts and the Price Point Plus Portal on products contracts, to determine fair and reasonable pricing. These tools are populated with pricing from multiple government contracts.

However, contracting officers' reliance on these automated pricing tools is problematic because pricing tools can only assess the relative competitiveness of a contractor's contract price to other contractors' contract prices, which does not ensure the government is receiving a contractor's best pricing. As a result, FAS contracting personnel are missing opportunities to leverage the government's buying power and provide ordering agencies with "prices associated with volume buying." Once again, FAS has no assurance that it is providing ordering agencies with pricing that will comply with the Competition in Contracting Act of 1984's requirement that orders result in the lowest overall cost alternative to meet the government's needs.

**Reducing and eliminating duplicative, underutilized, and noncompliant MAS contracts.** A February 2025 FAS decision paper, *Recommendations to Address Duplicative, Underutilized, and Non-Compliant Contracts*, outlines proposed steps to “right size” the MAS Program. Specifically, the decision paper establishes two categories for action: (1) duplicative and underutilized contracts and (2) contractor noncompliance.

According to the decision paper, in the past, GSA has “softened its approach” when attempting to eliminate duplicative and underutilized contracts for various reasons, including market impacts of the pandemic, concerns on growing the industrial base, and strong pushback. As a result, the number of low and no sales contracts built up into the hundreds. In addition, prior to the decision paper, FAS had a pilot effort to address contracts with multiple compliance issues, including performance, that monitored just 30 contractors. As a result of the decision paper, FAS is expanding its contractor compliance pilot to include monitoring an additional 121 contractors, for a total of 151 contractors.

In its decision paper, FAS estimates \$15,202 as the annual administrative cost per contract and identified nearly 1,000 contracts, including those with noncompliance issues, for elimination, with a purported annual cost savings of \$15.2 million. However, FAS’s attempt to eliminate duplicative, underutilized, and noncompliant contracts will likely be met with pushback from those contractors, industry representatives, and other stakeholders.

### **Supply Chain Risk Management**

Supply chain risk management remains a major challenge for FAS and the entire federal government. Due to its unique responsibility in acquisition and contracting, as well as its increasing number of multiple government-wide procurement vehicles, FAS plays a crucial role in how the federal government manages supply chain risk and in establishing effective controls to protect customer agencies from foreign adversaries.

Congress passed Section 889 of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (NDAA Section 889) to help the federal government manage its supply chain risk. This law prohibits the federal government from procuring certain telecommunication items from specific Chinese-named entities, as well as entering contracts with entities that use these prohibited telecommunication items.

GSA recognizes the federal government’s supply chain risk related to NDAA Section 889 and has implemented internal controls to reduce that risk. For instance, FAS has developed the Prohibited Products Robomod process that flags potentially prohibited telecommunication items included on GSA Advantage! based on keyword searches.<sup>16</sup> FAS has also developed a process to identify MAS contractors that have repeatedly added prohibited telecommunication items on GSA Advantage!. FAS also relies on the Federal Acquisition Regulation (FAR) provision

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<sup>16</sup> GSA Advantage! is GSA’s online shopping and ordering system that provides customers access to products and services.

that requires contractors to self-report if they provide or use the telecommunication items prohibited by NDAA Section 889.

Despite these efforts, GSA still has difficulty identifying prohibited items and contractors that should be removed from its many contracting vehicles and platforms. In July 2023, we reported that FAS's reliance on contractors' assertions regarding NDAA Section 889 is inadequate, and that other controls and processes FAS has put in place, including the Prohibited Products Robomod process, are insufficient.<sup>17</sup>

In addition to our audit work in this area, a recent criminal case supported by our Office of Investigations highlights this challenge. In May 2024, a Florida resident and dual citizen of the U.S. and Turkey was sentenced to 6 years and 6 months in prison for trafficking fraudulent and counterfeit Cisco networking equipment.<sup>18</sup> Under the scheme, tens of thousands of low-quality, modified computer networking devices were imported from suppliers in China and Hong Kong. These devices included counterfeit labels, stickers, boxes, documentation, and packaging, which made them appear like genuine, high-quality devices authorized by Cisco. However, the devices suffered from numerous performance, functionality, and safety problems. The devices also made their way into highly sensitive federal systems, including classified information systems and platforms supporting U.S. military aircraft. Taken together with our audit work, this case highlights the challenges that GSA faces with managing supply chain risks.

**Trade Agreements Act.** The Trade Agreements Act of 1979 (TAA) is a prominent supply chain procurement law. The TAA was enacted on July 26, 1979, to foster fair and open international trade. This act requires the federal government to only purchase goods that are manufactured in the U.S. or a TAA-designated country, with limited exceptions. Examples of countries that are not TAA-designated are China, India, Iran, Iraq, and Russia.

To ensure compliance, the requirements of the TAA have been included in the FAR. FAR 52.225-6(c), *Trade Agreements Certificate*, outlines that the government will only consider "U.S.-made or designated country end products unless the Contracting Officer determines that there are no offers for such products or that the offers for those products are insufficient to fulfill the requirements of [the] solicitation."

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<sup>17</sup> *Multiple Award Schedule Contracts Offered Prohibited Items, Putting Customers at Risk of Unauthorized Surveillance by Foreign Adversaries* (Report Number A220016/Q/6/P23002, July 10, 2023).

<sup>18</sup> Press Release, U.S. Department of Justice, *Leader of Massive Scheme to Traffic in Fraudulent and Counterfeit Cisco Networking Equipment Sentenced to Prison* (May 2, 2024), <https://www.justice.gov/opa/pr/leader-massive-scheme-traffic-fraudulent-and-counterfeit-cisco-networking-equipment>.

In January 2024, we reported that GSA IT employees misled a contracting officer with egregiously flawed information to acquire 150 Chinese-made, TAA-noncompliant videoconference cameras.<sup>19</sup> We also reported that the TAA-noncompliant cameras were susceptible to security vulnerabilities.

Two years earlier, on January 21, 2022, we issued a letter to the FAS Commissioner, stating that FAS contracting officers did not report TAA-noncompliant products that were added to contracts supporting COVID-19 efforts.<sup>20</sup> We also found that FAS contracting officers modified contracts to add TAA-noncompliant products that were not in support of the government's COVID-19 response. We determined that FAS's controls to monitor and prohibit the sale of TAA-noncompliant products were insufficient.

In addition, under the FAR requirement that contractors must disclose credible evidence of certain violations of federal criminal law, our office received two new contractor disclosures involving potential TAA noncompliance in FY 2025.

Further, a recent case supported by our Office of Investigations further supports this ongoing challenge. In July 2024, Telecom Technologies, Inc. (Telecom), agreed to pay the U.S. \$400,000 to resolve allegations it violated the False Claims Act by selling government agencies counterfeit products and TAA-noncompliant products. Telecom was awarded a MAS contract in 2006 and received extensions of the contract in 2011, 2016, and 2021. The alleged fraud occurred during the period from July 18, 2018, through August 9, 2022.

As this work demonstrates, GSA faces multiple challenges in mitigating its supply chain risks. Until the proper controls are in place and enforced, prohibited telecommunication items may be offered under GSA's contracts, and TAA-noncompliant items may be inappropriately or unknowingly purchased, potentially putting customer agencies at risk of unauthorized surveillance by foreign adversaries.

### **Centralizing Government Procurement**

On March 20, 2025, the president issued Executive Order 14240, *Eliminating Waste and Saving Taxpayer Dollars by Consolidating Procurement*. In accordance with the executive order, FAS is undertaking efforts to consolidate government-wide purchasing. This change puts GSA in charge of contracts in 10 government-wide acquisition categories, which were valued at \$488.9 billion in FY 2024. The consolidation brings challenges to FAS. Most notably, FAS will take on additional contracting work after recently reducing its contracting staff. In addition, the consolidation is occurring on a compressed time frame, presenting challenges to ensure workforce readiness. Also, while FAS is proposing to use automation and artificial intelligence to

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<sup>19</sup> GSA Purchased Chinese-Manufactured Videoconference Cameras and Justified It Using Misleading Market Research (Report Number A220070/A/6/F24002, January 23, 2024).

<sup>20</sup> FAS Lacks Sufficient Controls to Monitor and Prohibit the Sale of Trade Agreements Act Non-Compliant Products in Support of the Government's COVID-19 Response (January 21, 2022).

make up for its lack of staffing, implementing these technologies has presented challenges in the past.

**Reduced contracting staff.** A consolidation of this scale would require GSA to increase its buying operations to 20 times its current level; however, FAS simply does not have enough contracting personnel. With the deferred resignation program and reductions in force that have occurred, FAS has lost over 300 of its contracting staff. To absorb the contracting operations of other agencies, FAS will need to expand its workforce significantly and may need to conduct a major workforce shift from other agencies' contracting offices to GSA.

**Compressed time frame.** According to the executive order, agency heads had just 60 days from the date of the order (March 20, 2025) to submit proposals to GSA to conduct domestic procurement with respect to common goods and services for their agency. GSA was then given only 90 days from the date of the order to submit a comprehensive plan to the director of the Office of Management and Budget (OMB) for how GSA will procure common goods and services across the domestic components of the government. These deadlines present compressed time frames for GSA to ensure workforce readiness when consolidation occurs.

**Reliance on automation and artificial intelligence.** GSA initially plans to take over the procurement operations for the U.S. Office of Personnel Management, U.S. Small Business Administration, U.S. Department of Education, and U.S. Department of Housing and Urban Development. Taking on such a large contract portfolio likely means substantial, new investments in emerging technology, such as automation and artificial intelligence. We have found that GSA has not effectively implemented such technologies. For example:

- In November 2023, we issued a report on the time and money GSA claimed to save with its robotic process automation (RPA) program.<sup>21</sup> We found that GSA lacks evidence to support its claims that its RPA program is generating savings. Specifically, we found that GSA is not verifying the actual work hours saved with end-users of its RPAs (commonly referred to as “bots”), causing its assertion in the FY 2020 *Agency Financial Report* that its robotic process automation program reclaimed more than 240,000 work hours annually to be inaccurate and unreliable. We also found that GSA is not tracking the costs associated with its bots, which precludes GSA from determining whether the bots are generating cost savings and a return on investment.
- In August 2024, we issued a report on GSA's RPA program.<sup>22</sup> We found that GSA's RPA program did not comply with its own IT security requirements to ensure bots are operating securely and properly. GSA also did not consistently update system security plans to address access by bots. Furthermore, GSA's RPA program did not establish an

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<sup>21</sup> GSA's *Robotic Process Automation Program Lacks Evidence to Support Claimed Savings* (Report Number A210057/B/5/F24001, November 30, 2023).

<sup>22</sup> GSA *Should Strengthen the Security of Its Robotic Process Automation Program* (Report Number A230023/B/T/F24004, August 6, 2024).

access removal process for decommissioned bots, resulting in prolonged, unnecessary access that placed GSA systems and data at risk of exposure.

With the centralization of the government's procurement function, FAS faces challenges as it: (1) absorbs other agencies' contracting operations with limited contracting staff over a short period of time; and (2) relies significantly on automation and artificial intelligence, something that has been problematic in the past for GSA.

## **Challenge 5: Maximizing the Performance of GSA's Real Property Inventory**

PBS must maximize the performance of its real property inventory to provide its tenant agencies with space that meets their needs at a reasonable cost to the American taxpayer. To achieve this goal, PBS must determine the best approach to accelerate the disposal of federal buildings and to meet the O&M needs of its increasingly aging building inventory. Further, PBS must properly administer its capital construction program and ensure effective management of energy and utility contracts.

### **Accelerated Disposal of Federal Buildings**

PBS's strategy to right-size its real estate portfolio has been accelerated with the Administration's initiative to reduce the size of the federal government. While PBS can achieve the benefits of reduced building maintenance, operations, and redevelopment costs through this initiative, it faces challenges in identifying buildings for disposal while still complying with laws and regulations governing real property disposal.

Identifying buildings for disposal is a significant challenge, as PBS must consider a building's O&M costs, as well as its utilization rate, function, and sale potential in the local real estate market. Additionally, as part of its strategy, PBS must consider a building's current use, tenant agency occupancy, and the cost of moving or relocating those tenant agencies. Moving or relocating existing tenant agencies requires a move plan and funding strategy prior to the disposal of a building. However, there is generally no additional appropriation for disposal actions, making it difficult to relocate existing tenant agencies into new space.

In June 2025, GSA submitted a prospectus to Congress to help fund these efforts.<sup>23</sup> Under the prospectus, GSA proposes a \$364,707,000 budget to help with its ongoing efforts to right-size and modernize the federal government's real estate footprint. The prospectus notes that "Preference will be given to projects that are interrelated to the disposition of assets that no longer support the mission needs of the Federal Government and agency co-location projects that facilitate shared resources and shared special space ...." It adds that "Federal agencies have identified the lack of resources as the main challenge in achieving optimal utilization of workspaces."

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<sup>23</sup> *Prospectus – Alteration Optimization Program Various Buildings* (Prospectus Number POP-0001-MU26, June 11, 2025).



In addition to addressing funding challenges, PBS must comply with the laws and regulations governing the real property disposal process. PBS must first offer to transfer excess properties to other federal agencies, who generally pay market value for the properties they acquire. If the properties are not acquired by federal agencies, PBS must then offer the properties to state and local governments, and qualified nonprofits, for use in accomplishing the public purposes specified in statute, such as public parks or providing services to the homeless (i.e., McKinney Vento Act).<sup>24</sup> Surplus properties not conveyed for public benefit are then available for sale at fair market value or are demolished if the property cannot be sold due to its condition or location. These legal and regulatory requirements slow down the disposal process, forcing PBS to incur operating costs for months or years before the properties are disposed of.

PBS must contend with these property disposal challenges with less staff and new leadership. As a result of the deferred resignation program, PBS's Office of Real Property Disposition staffing is down approximately 33 percent over the last year, which could affect the ultimate success of the accelerated disposal initiative. Additionally, the recent resignation of the PBS Commissioner will, at a minimum, delay the Administration's current plans as new leadership settles in and establishes its vision and path forward.

### **Meeting the O&M Needs of Federal Buildings**

PBS continues to face challenges in managing the maintenance and repair needs of its aging portfolio of owned buildings and often must defer needed building maintenance into the future. Deferred maintenance is defined as maintenance and repairs that are not performed when scheduled or are delayed for a future period. These are activities categorized as preventive maintenance; replacement of parts, systems, or components; and other activities needing to be performed immediately to restore or maintain the building inventory in an acceptable condition.

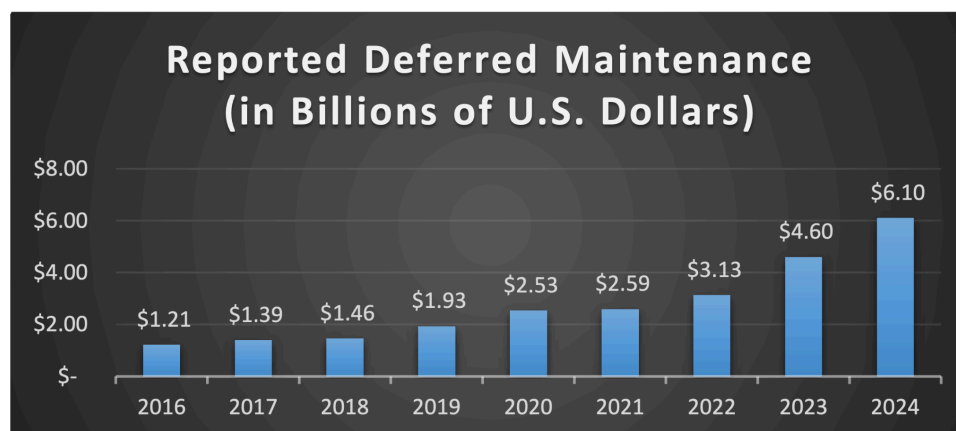
As shown in *Figure 1* on the next page, GSA has reported a significant increase in deferred maintenance costs in recent years. In its FY 2024 *Agency Financial Report*, GSA reported approximately \$6.1 billion in total estimated costs of deferred maintenance for its building inventory. This was a 32.61 percent increase from FY 2023 and a 404 percent increase from FY 2016.

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<sup>24</sup> PBS can convey surplus properties for these purposes at less than fair market value or no cost.



**Figure 1. GSA’s Reported Deferred Maintenance Costs for FYs 2016–2024  
(in Billions of U.S. Dollars)<sup>25</sup>**



We recently reported on weaknesses in PBS’s building maintenance and repairs. For example, in June 2025, we reported worker safety violations due to numerous water leaks in mechanical rooms at the Jacob K. Javits Federal Building in New York, New York.<sup>26</sup> We found that these leaks were not promptly repaired, which presents a slipping hazard, since warning signage was not present. Additionally, in August 2025, we reported that the O&M contractor of the Peachtree Summit Federal Building in Atlanta, Georgia, has deferred maintenance on the building’s green roof system since 2021 because the ladder used to access the roof is in disrepair and there is no fall protection.<sup>27</sup>

As demonstrated by PBS’s increasing deferred maintenance backlog and the audit findings on weaknesses in building maintenance and repairs, PBS continues to face significant challenges in meeting and managing the needs of its portfolio of owned buildings.

### **Administering GSA’s Capital Construction Program**

PBS’s Office of Project Delivery (OPD) oversees the execution of PBS’s capital construction program, in addition to PBS’s small and reimbursable projects. OPD is responsible for data analysis, project measures, IT tools, project manager training and certification, cost and schedule management, and project risk identification and management. OPD’s capital projects

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<sup>25</sup> GSA Agency Financial Reports for FYs 2016–2024.

<sup>26</sup> *Safety and Accessibility Deficiencies at the Jacob K. Javits Federal Building in New York, New York* (Report Number A240064/P/2/R25002, June 17, 2025).

<sup>27</sup> *Audit of Roof Fall Protection and Safety in GSA-Owned Buildings* (Report Number A240041/P/9/R25004, August 14, 2025).

result in newly constructed, altered, leased, or purchased facilities where the federal government does its essential work.<sup>28</sup>

As of August 2025, PBS reported 260 active capital construction projects, with aggregate values of more than \$10.4 billion. Due to resource limitations, PBS faces significant challenges in awarding and administering these contracts and has become excessively reliant on construction management firms (i.e., construction managers) to oversee the agency's major construction projects. In addition, PBS continues to struggle with its administration of Construction Manager as Constructor (CMc) contracts, a project delivery method used for large, complex capital projects.

In response to our *Assessment of GSA's Management and Performance Challenges for FY 2025*, PBS stated that it has proposed legislation to facilitate access to the full amount of the annual Federal Buildings Fund's revenues and collections, and increase GSA's prospectus threshold to assist in its efforts to administer GSA's capital construction program. GSA's *FY 2025 Congressional Justification* notes that the president's budget supports the expansion of the allowable uses of the disposal fund. However, PBS continues to face challenges in this area.

**Construction Management Services.** Due to a lack of project management staff, PBS requires the use of construction managers for its capital construction projects. Construction managers are private firms that act as advisors or consultants to PBS during the execution of capital construction projects. PBS has used construction managers to fulfill many functions and responsibilities within its capital construction program. In addition, PBS also uses construction managers for smaller projects and lease administration.

In our 2020 audit of PBS's use of construction management services, we found that PBS has become excessively reliant on construction managers.<sup>29</sup> As a result, PBS has allowed construction managers to perform inherently governmental functions, including developing independent government cost estimates, assessing contractor proposals on source selection boards, negotiating contracts, and accepting project deliverables. Further, PBS has provided construction managers with access to sensitive information, including competitors' proprietary information and government data, without mitigating conflicts of interest or ensuring data security.

We continued to find similar issues during a 2023 audit, which found that PBS delegated critical functions to a construction manager without oversight.<sup>30</sup> PBS allowed the construction

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<sup>28</sup> Capital construction projects are projects that exceed the prospectus threshold, currently \$3.926 million, and require congressional approval. In FY 2026, the prospectus threshold will increase to \$3.961 million.

<sup>29</sup> *Audit of the GSA Public Buildings Service's Use of Construction Management Services* (Report Number A150028/P/4/R20009, September 4, 2020).

<sup>30</sup> *Audit of the Calexico West Land Port of Entry Expansion and Modernization Project* (Report Number A210070/P/9/R23006, March 2, 2023).

manager to develop independent government estimates, perform the technical analyses for modifications, and prepare price negotiation memorandums without government approval. PBS also delegated labor and payroll standards compliance to the construction manager without oversight, which resulted in inadequate verification of payrolls.

During a 2024 audit, we found that PBS awarded construction management services for a \$5.6 million project funded by the Infrastructure Investment and Jobs Act (IIJA) at inflated pricing and paid for services that were not received.<sup>31</sup> PBS negotiated the contract by comparing the price to an independent government estimate instead of evaluating hourly rates and quantity of hours, resulting in a \$124,290 award that should have been approximately \$78,290. Further, the construction manager billed PBS \$17,000 for inspection services that the construction manager did not perform.

PBS must ensure that sufficient oversight controls are in place and followed to prevent construction managers from performing inherently governmental functions and that steps are taken to identify or mitigate potential conflicts of interest. PBS must also ensure that its staff possesses the necessary skills to perform critical functions. This will pose a significant challenge since nearly 70 percent of PBS's FY 2025 capital construction workforce was subject to a reduction in force or opted into the deferred resignation program.

**Construction Manager as Constructor Contracts.** The CMc contract is a project delivery method that PBS often uses for its capital construction projects. Using this method, PBS first awards a design contract to an architect-engineering firm. During the design phase, PBS awards a CMc contract to a general contractor for design-phase services, including cost estimating and constructability reviews. The contract includes an option for construction services. This option requires the contractor to construct the project within a competitively bid guaranteed maximum price.

Since our audits of PBS's projects funded under the American Reinvestment and Recovery Act of 2009, we have reported on deficiencies in PBS's use of CMc contracts. PBS took numerous actions to address these deficiencies, particularly focusing on improvements to policy and regulations. However, in an August 2022 memorandum, we identified continued concerns with PBS's use of CMc contracts.<sup>32</sup> We noted that PBS is:

- Not ensuring that construction contractors properly accumulate and record project costs, preventing PBS from relying on the contractor's cost records for contractor payments and shared savings calculations;

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<sup>31</sup> *Oversight of PBS's Projects Funded by the Infrastructure Investment and Jobs Act: Audit of Paving Project at New York State's Northern Border* (Report Number A220036/P/2/R24008, September 24, 2024).

<sup>32</sup> *Improvement Needed in PBS's Use of Construction Manager as Constructor Contracts* (Memorandum Number A220057, August 17, 2022).

- Improperly adjusting the contract's guaranteed maximum price, leaving PBS at risk of overpaying for construction services; and
- Prematurely converting the guaranteed maximum price to a firm-fixed price, increasing the risk that CMc contractors may be able to attain excessive profits.

Additionally, in our 2025 audit of PBS's administration of CMc contracts, we identified further concerns.<sup>33</sup> We found that PBS:

- Is not using the CMc project delivery method properly, resulting in excessive costs and violations of federal law and regulations;
- Failed to properly negotiate the fee for contract changes, resulting in violations of federal law and acceptance of unallowable costs; and
- Did not ensure that contractors properly accumulated and recorded project costs, which increased the risk of overpayments.

PBS must ensure project teams use the CMc methodology correctly to prevent significant increases in project costs and avoid overpaying on current and future CMc contracts.

**Infrastructure Investment and Jobs Act and Inflation Reduction Act.** GSA received \$3.418 billion from the IIJA for the acquisition, construction, and repair and alteration of 26 land ports of entry (LPOEs). In addition, the IIJA funding was to be used for paving projects, lease purchases, program contingency, and operational support costs.

In August 2022, we issued a memorandum identifying challenges facing PBS as it executes construction projects funded under the IIJA.<sup>34</sup> These challenges include:

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

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<sup>33</sup> *PBS's Administration of Construction Manager as Constructor Contracts Needs Improvement* (Report Number A230058/P/5/R25006, September 15, 2025).

<sup>34</sup> *GSA's Public Buildings Service Faces Challenges in Using Funds Received under the Infrastructure Investment and Jobs Act* (Memorandum Number A220036-2, August 11, 2022).

These challenges were exemplified, as part of our ongoing oversight of PBS's projects funded by IIJA, in the following audit report and alert memorandums:

- We issued an audit report in September 2024, in which we found that PBS did not comply with applicable laws, regulations, and policies when awarding and administering the \$5.6 million IIJA-funded project to repave six LPOEs at New York State's northern border.<sup>35</sup> We found deficiencies in PBS's task order award and administration that led to, among other things, violations of federal competition requirements, poor pricing and overpayments, security vulnerabilities, and a small business "pass-through" environment. PBS's performance on this project shows the risks arising from rushed attempts to obligate IIJA funding.
- We issued an alert memorandum in March 2025, in which we reported that PBS did not take the appropriate steps in the San Luis I LPOE expansion and modernization project to ensure the construction contractor complied with applicable security requirements covering the use of drones.<sup>36</sup> This enabled the construction contractor to regularly use a drone manufactured by a company that the U.S. Department of Defense has identified as a "Chinese military company" and a potential threat to national security.
- We issued an alert memorandum in July 2025, in which we reported that numerous contractor and subcontractor employees working on the San Luis I LPOE expansion and modernization project either failed or did not undergo the required security screening. Additional oversight is needed to ensure security vulnerabilities are addressed.<sup>37</sup>

The alert memorandums discussed above show that additional oversight is needed to ensure construction projects comply with security requirements to safeguard access to LPOEs.

In addition to the IIJA funding, GSA received nearly \$3.4 billion from the Inflation Reduction Act (IRA) for low-embodied carbon materials in construction and renovation projects, emerging and sustainable technologies, and high-performance green buildings. The IRA targets reducing the federal government's carbon footprint associated with building materials and encourages new technology to develop a federal building portfolio with net-zero operational emissions. However, in July 2025, the One Big Beautiful Bill Act rescinded over \$1.5 billion of GSA's unobligated IRA funds. *Figure 2* on the next page shows the initial \$3.375 billion of IRA funds allocated by category compared to the \$1,845,380,383 of IRA funds obligated before the rescission.

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<sup>35</sup> *Oversight of PBS's Projects Funded by the Infrastructure Investment and Jobs Act: Audit of Paving Project at New York State's Northern Border* (Report Number A220036/P/2/R24008, September 24, 2024).

<sup>36</sup> *PBS Allowed the Use of a Drone from a Prohibited Source to Photograph Construction at a Land Port of Entry in San Luis, Arizona* (Memorandum Number A220036-5, March 13, 2025).

<sup>37</sup> *Uncleared Contractors Worked on PBS's San Luis I Land Port of Entry Expansion and Modernization Project in San Luis, Arizona* (Memorandum Number A220036-8, July 18, 2025).

**Figure 2. IRA Funds Obligated Before Rescission**

IRA Category	Total Funding	Obligations
Low Embodied Carbon Materials	\$2,150,000,000	\$853,325,691
Emerging & Sustainable Technology	\$975,000,000	\$755,830,460
High Performance Green Buildings	\$250,000,000	\$236,224,232
<b>Totals</b>	<b>\$3,375,000,000</b>	<b>\$1,845,380,383</b>

PBS established a program management office to oversee its use of IIJA and IRA funds. According to PBS, this office will identify, coordinate, and proactively mitigate risks to ensure IIJA and IRA funding is spent efficiently and effectively. As of August 2025, the program management office overseeing the IIJA and IRA projects was reduced from 20 employees to 5 employees. The program management office will report to OPD during the PBS reorganization.

PBS must continue to take steps to address the challenges identified in our August 2022 memorandum, as well as any identified through the program management office, to ensure the successful delivery of IIJA- and IRA-funded projects. In addition, PBS needs to maintain effective funds management on projects using a combination of funds from IIJA, IRA, regular budgetary accounts, and customer agencies to ensure funds are used properly.

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

Between December 2010 and June 2025, PBS awarded over \$2.85 billion in energy savings performance contracts (ESPCs) and utility energy service contracts (UESCs). ESPCs and UESCs are high-risk areas, with high-dollar contract values and long-term financial commitments. Without effective management, PBS may not realize the savings needed to fund these contracts. Due to their complexity and unique nature, ESPCs and UESCs present PBS with numerous management challenges.

Under an ESPC, the government contracts with an energy service company to install energy-saving upgrades to buildings and pays the energy service company from the energy savings generated by those upgrades. An ESPC can last for up to 25 years. A UESC is a contract between a federal agency and a utility company for energy management services, including energy and water efficiency improvements. The utility company pays most or all the upfront costs, and the government repays the utility company through utility savings, appropriated funds, or a combination of the two. UESCs can also last up to 25 years.

In July 2025, we reported that PBS had deficiencies in the award and administration of an ESPC task order supporting 10 buildings across Texas and Louisiana.<sup>38</sup> As a result, rather than witnessing and verifying contractor-submitted data, PBS relied on the data submitted by the

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<sup>38</sup> *PBS Should Improve Its Oversight of the Energy Savings Performance Contract in Texas and Louisiana* (Report Number A240046/P/2/R25003, July 1, 2025).

contractor to negotiate the \$43 million contract's guaranteed energy savings and annual savings performance goals.

In August 2025, we reported on deficiencies in PBS's oversight of an ESPC contract covering GSA-controlled buildings in and around Los Angeles, California.<sup>39</sup> Among other things, we found that PBS did not address health and safety concerns raised by project team members during their review of design documents for the battery systems at the Glenn M. Anderson Federal Building and the Ronald Reagan Federal Building and U.S. Courthouse. Ultimately, a fire in the battery room at the Anderson Building led to the disconnection of the batteries, which prevented the battery system from generating energy cost savings.

Similarly, UESCs present a host of challenges for PBS, including limited competition, high numbers of sole-source contracts, and a lack of mandated savings guarantees. Accordingly, in recent years, PBS has taken steps to address the challenges associated with ESPCs and UESCs. PBS has established a centralized ESPC oversight program within its Office of Facilities Management and is also in the process of strengthening guidance and controls for UESCs. PBS should continue its efforts to ensure that ESPCs and UESCs are effectively managed.

## **Challenge 6: Managing Agency Cybersecurity Risks**

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Like all federal agencies, GSA depends on information technology (IT) to fulfill its mission. However, as cybersecurity threats continue to emerge, sensitive government information and systems must be adequately secured to safeguard against internal and external threats that could compromise critical information and systems. GSA is not immune to these threats. Accordingly, GSA will continue to be challenged to effectively monitor, efficiently identify, and respond to cybersecurity threats against agency systems and data. GSA will have to continuously identify technical solutions and implement controls to mitigate such threats as bad actors find new ways to penetrate and navigate government networks and systems undetected.

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

In our *Assessments of GSA's Management and Performance Challenges* for FYs 2024 and 2025, we reported on threats to sensitive information maintained by GSA.<sup>40</sup> As these threats remain, GSA must ensure that it controls access to sensitive information available on its network and maintained in GSA systems. Sensitive information collected and maintained on GSA's network and within its systems includes:

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<sup>39</sup> *PBS's Pacific Rim Region Grossly Mismanaged the Battery Energy Storage Systems at the Glenn M. Anderson Federal Building and the Ronald Reagan Federal Building and U.S. Courthouse, Resulting in Health and Safety Issues* (Report Number A230079/P/4/R25005, August 20, 2025).

<sup>40</sup> *Assessment of GSA's Management and Performance Challenges for Fiscal Year 2024 and Assessment of GSA's Management and Performance Challenges for Fiscal Year 2025*.



- Personally identifiable information, such as social security numbers, employment-sensitive information, and security clearance forms;
- Procurement-sensitive information, such as information related to bidding and prices paid; and
- Controlled unclassified information, such as sensitive building information and financial, legal, contractual, and other sensitive information that is not classified.

Recent reports issued by our office demonstrate the importance of controlling access to GSA systems to protect this sensitive information. For example, in May 2024, we issued a memorandum documenting several access control weaknesses to draw awareness to the need to better enforce existing access control policies and create new policies where necessary.<sup>41</sup>

In April 2025, we issued an alert memorandum to notify GSA management of an access control issue that warranted immediate attention.<sup>42</sup> During our audit of security controls for GSA's Google shared drives, we alerted GSA management to documents found on GSA's Google Drive that contain sensitive information, such as blueprints for a high-profile federal building and a U.S. courthouse and banking account information for payment to a vendor. Because these documents were accessible by all GSA Google Drive users, including contractors, the sensitive information was available to users who did not have a legitimate business need to know.

Due to the sensitive data contained within its systems, GSA must continue its efforts to strengthen its monitoring of access to agency systems, devices, and data to protect against the intentional or unintentional release of sensitive information. In addition, GSA must ensure that it implements the appropriate management, operational, and technical security controls to manage and mitigate threats to its resources and operations.

### **Prioritizing Cybersecurity Supply Chain Risk Management**

Cybersecurity supply chain risk management (C-SCRM) is the process of identifying, assessing, and mitigating the risks associated with suppliers of hardware, software, firmware, networks, systems, and services that underpin government systems, networks, and operations. C-SCRM covers the entire life cycle of a product or service, including its design, development, distribution, deployment, acquisition, maintenance, and destruction.

Agency implementation of C-SCRM is required under Executive Order 14028, *Improving the Nation's Cybersecurity*, which was issued in May 2021. It directs the National Institute of Standards and Technology to issue guidance "identifying practices that enhance the security of the software supply chain." The executive order directs OMB to require agencies to comply

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<sup>41</sup> Due to the sensitive information contained in this memorandum, it is not available to the public.

<sup>42</sup> *Alert Memorandum: Sensitive Information Exposed in GSA's Google Drive* (Memorandum Number A250043-2, April 18, 2025).



with such guidelines. These requirements involve systematic reviews, process improvements, and security standards for both software suppliers and developers, in addition to customers who acquire software for the federal government.

To address the risks associated with the cyber supply chain, GSA must ensure it is adhering to federal C-SCRM requirements and incorporating risk management practices into its operations. These practices involve continuously identifying, assessing, and mitigating the risks associated with suppliers of hardware, software, firmware, networks, systems, and services that support agency operations. Additionally, GSA must continue to ensure that it is not procuring restricted products and services to support internal operations that could subject agency assets and resources to cyber supply chain risks.<sup>43</sup>

### **Attacks on Third-Party Vendors**

GSA's third-party vendors continue to face cyberattacks that threaten GSA's security posture. Of increasing concern is the risk of ransomware, a type of malicious attack where attackers encrypt an organization's data and demand payment to restore access. Third-party vendors often have access to GSA's systems and data via remote desktop or Application Programming Interfaces. If the vendor's system is compromised, the threat actors can pivot into GSA's network using these access points.

Between January 2024 and June 2025, at least three GSA vendors' corporate networks were victims of malicious attacks. Below are specific examples of the vendor attacks:

- In January 2024, a GSA vendor managing electric vehicle charging stations for PBS suffered a ransomware attack that compromised sensitive data, such as program portfolio information and client and supplier employee data.
- In May 2025, malware was detected on a GSA employee's laptop. The employee had visited a vendor's website that had been secretly compromised and was delivering malware to unsuspecting customers.
- In June 2025, a GSA vendor faced a ransomware event attributed to the Play ransomware variant.<sup>44</sup>

### **Login.gov**

GSA developed Login.gov as a single sign-on identity platform for the public to access online government services that require user authentication. Login.gov provides services to several high-traffic government resources, including the U.S. Social Security Administration, the

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<sup>43</sup> NDAA Section 889 prohibits executive agencies from purchasing restricted products and services to better manage supply chain risks and reduce threats to key U.S. supply chains by foreign adversaries.

<sup>44</sup> Since June 2022, Play ransomware (also known as Play or Playcrypt) group has affected a wide range of businesses and critical infrastructure in North America, South America, and Europe. Play ransomware was among the most active ransomware groups in 2024.

USAJOBS website, the System for Award Management, and some U.S. Department of Homeland Security websites. The technical security controls that protect Login.gov are important because they provide access to systems that contain personally identifiable information, facilitate the transfer of government funds, and conduct other mission-critical government business.

In March 2023, we reported on GSA's efforts to provide a technical solution for Login.gov to meet digital identity standards.<sup>45</sup> In our evaluation, we found that GSA misled its customer agencies when it failed to communicate Login.gov's known noncompliance with Identity Assurance Level 2 (IAL2) requirements of National Institute of Standards and Technology (NIST) Special Publication (SP) 800-63-3, *Digital Identity Guidelines*. The IAL2 level of identity assurance is needed to provide the level of security necessary to protect Login.gov's customers and resources against ever-growing and changing cybersecurity threats. Despite GSA officials' assertions that Login.gov met the IAL2 requirements of NIST SP 800-63-3, Login.gov never included a physical or biometric comparison for its customer agencies.

Since the report was issued, GSA has been trying to address the deficiencies identified in our evaluation. In May 2024, GSA began to pilot facial recognition technology consistent with NIST SP 800-63-3 to achieve evidence-based remote identity verification at the IAL2 level. This pilot provided users with a visible, upfront option to verify their identity in-person at one of more than 18,000 local U.S. Postal Service locations without the use of facial-matching technology.

Further, in August 2025, GSA announced that Login.gov will begin allowing individuals to verify their identity using a U.S. passport, marking a first-of-its-kind partnership between federal agencies to use authoritative government records as a source for identity verification. The addition of passport-based proofing is an effort to build upon Login.gov's existing IAL2 capabilities.

While GSA's efforts to satisfy the IAL2 requirements continued, a number of website spoofing incidents targeting federal government domains that are tied to Login.gov continued to be reported in FY 2025. Website spoofing attacks are cyberattacks in which a bad actor creates a convincing copy of a legitimate website, most often with a subtly altered URL, for the purpose of either tricking users into divulging sensitive information to what they believe to be a legitimate government website or executing malicious software on the user's browser while they access the fraudulent website.

GSA has reported such spoofing attacks targeting many different domains that use Login.gov as their centralized authentication platform, including domains related to federal employee retirement benefits, social security, and more. Continued spoofing attacks may lead to an increase in the number of compromised user accounts, either because the users have

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<sup>45</sup> *GSA Misled Customers on Login.gov's Compliance with Digital Identity Standards* (Report Number JE23-003, March 7, 2023).

unwittingly given their credentials to the attackers or because their devices have been compromised by malware delivered via these spoofed sites.

GSA will continue to be challenged with timely identifying and counteracting the evolving schemes of bad actors trying to gain unauthorized access to Login.gov. GSA must continue ensuring that the technology implemented to meet the biometric requirements needed to satisfy IAL2 standards is appropriate to further secure the system and prevent bad actors from gaining unauthorized access to user accounts.

### **System for Award Management**

FAS is responsible for the System for Award Management (SAM). SAM is part of the Integrated Award Environment, a presidential e-government initiative that consolidated 10 procurement-related legacy systems. These systems are used by personnel who award, administer, and receive federal funds.

From 2016 to 2018, significant security incidents exposed vulnerabilities in SAM related to the identity verification of individuals and their authorization to conduct business on behalf of a company.<sup>46</sup> Much of the information regarding these incidents is law-enforcement sensitive; however, one criminal successfully redirected a payment of \$1.521 million from a business registered in SAM into an account the criminal controlled.

In 2025, bad actors continued efforts to impersonate GSA acquisition officials to profit from unsuspecting government vendors. GSA IT officials stated that SAM is facing approximately \$40 million in budget cuts and significant staffing and financial changes. As a result, GSA will be challenged in determining how to best support the program going forward.

SAM is critical to enabling agencies to share acquisition data and make informed procurement decisions, making it easier for contractors to do business with the government and generating savings for the taxpayer. FAS must ensure the availability of sufficient resources and appropriate technical controls to secure the system and protect users and data from malicious threats.

### **Artificial Intelligence**

In 2025, GSA continued to respond to a number of executive orders and directives that require the rapid adoption of artificial intelligence (AI). As a result, GSA's efforts to develop AI increased dramatically over the past year. Recently, GSA announced the launch of new AI tools designed to support staff in their daily work. These AI tools include GSAi and Google Gemini for Workspace. GSAi can be used to draft emails, create talking points, summarize text, and write code. Google Gemini for Workspace has built-in AI capabilities that have been enabled

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<sup>46</sup> *FAS Does Not Effectively Manage Information Security Risks in the System for Award Management* (Report Number A170116/Q/T/P20001, December 20, 2019).

across all Google applications like Google Drive, Docs, Sheets, Slides, and Meet. Both GSAi and Google Gemini for Workspace can interact with and process controlled unclassified information. Therefore, it is imperative that GSA ensure the implementation of robust IT security controls to protect the security of sensitive government information.

As GSA continues to implement AI tools and solutions, it will be challenged with doing so in compliance with federal security standards and guidance. GSA will have to ensure that while implementing this new and emerging technology, it is not creating new vulnerabilities and exposing GSA systems and data to increased cyberattacks.

### **State-Sponsored Attempts to Compromise and Maintain Persistent Access to Federal Networks**

In February 2024, the Cybersecurity and Infrastructure Security Agency, National Security Agency, and Federal Bureau of Investigation issued a joint cybersecurity advisory titled *People's Republic of China State-Sponsored Actors Compromise and Maintain Persistent Access to U.S. Critical Infrastructure*. These authoring agencies have confirmed that Chinese state-sponsored cyber actors have compromised the IT environments of multiple critical infrastructure organizations—primarily in communications, energy, transportation systems, and water and wastewater systems sectors—in the continental and non-continental United States and its territories, including Guam.

According to this advisory, Chinese state-sponsored cyber actors' choice of targets and pattern of behavior is not consistent with traditional cyber espionage or intelligence-gathering operations. The authoring agencies assess with high confidence that Chinese state-sponsored actors are pre-positioning themselves on IT networks to enable lateral movement to operational technology assets to disrupt functions. There are concerns about the potential for these actors to use their network access for disruptive effects in the event of potential geopolitical tensions or military conflicts.

In November 2024, the U.S. House of Representatives Committee on Homeland Security released a "Cyber Threat Snapshot" examining growing threats posed by hostile nation-state actors targeting U.S. data and IT systems.<sup>47</sup> The snapshot reported several increasing trends related to cyberattacks, including a 30 percent increase in cyberattacks against critical infrastructure; and stating that government agencies were the third-most-targeted sector for ransomware attacks.

Since GSA supports many sensitive and critical systems, such as human resources, payroll, real property, and financial systems, both internally and as shared services, GSA has an increased risk of being targeted for these types of threats from state-sponsored actors. GSA will need to

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<sup>47</sup> House Homeland Releases "Cyber Threat Snapshot" Highlighting Rising Threats to US Networks, Critical Infrastructure (November 12, 2024).

continue to assess these risks and monitor for any indications that its systems may be compromised.

### **IT Personnel Losses**

GSA management has expressed concern that ongoing personnel and organizational changes could negatively affect its ability to meet its goals. During 2025, GSA IT has experienced a 40 percent personnel loss. These personnel losses could have an impact in several areas of GSA IT's operations. The declining security personnel and increased scrutiny over contractors and security contracts could lead to a period of reduced capacity that threat actors can seek to exploit.

GSA IT officials stated that they are challenged with the loss of institutional knowledge that may pose a significant risk to its continued operations. Additionally, GSA IT will have to sustain its losses for a considerable time due to the ongoing federal hiring freeze.

## **Challenge 7: Providing a Safe Work Environment**

GSA plays a significant role in providing a safe and secure work environment for federal employees and visitors at over 8,300 federally owned and leased facilities nationwide. Part of GSA's responsibility is implementing its PBS Facility Safety, Health, and Environmental Management Program to ensure compliance with safety and health requirements as mandated by Executive Order 12196, *Occupational safety and health programs for Federal employees*; and 29 C.F.R. 1960, Subpart E, *General Services Administration and Other Federal Agencies*.

GSA's management of building safety measures is critical because problems could pose fire, safety, and health risks to GSA building tenants, visitors, contractors, PBS staff, and federal property. However, the following reports and memorandums demonstrate that GSA faces challenges in this area:

- In August 2024, we issued a memorandum notifying the PBS Commissioner of a significant backlog of open occupational safety and health, and fire risk conditions throughout GSA-managed assets.<sup>48,49</sup> According to PBS data, nearly 36,000 actionable, open risk conditions exist at almost 2,000 GSA-managed assets nationwide. PBS's data also shows that more than 5,000 of these open risk conditions have not been addressed within the 30-day period required by the Occupational Safety and Health Administration.

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<sup>48</sup> *Assessment of a Hotline Complaint: GSA's Public Buildings Service Faces a Significant Backlog of Open Occupational Safety and Health, and Fire Risk Conditions* (Memorandum Number A230075, August 29, 2024).

<sup>49</sup> GSA-managed assets consist of government-owned buildings and leased spaces.

- In October 2024, we issued an inspection report that revealed that GSA had not implemented all required facility security controls at the building. Specifically, we found issues concerning the on-site central security control center, emergency exit doors, the visitor entrance, mechanical and utility rooms, required safety training, required procedural documentation, and the absence of a physical security manager. We also found that the building did not have a functioning Facility Security Committee.<sup>50</sup>
- In June 2025, we reported that PBS Northeast and Caribbean Region (PBS Region 2) did not fully comply with applicable laws, regulations, and PBS policies governing fire protection, worker safety, and accessibility at the Jacob K. Javits Federal Building.<sup>51</sup> We found various fire protection violations, worker safety hazards, and disability access deficiencies. We also found that PBS Region 2 did not notify building occupants of identified environmental, health, safety, and fire protection risks in a timely manner, in violation of PBS policies. Without corrective actions, proper monitoring, and timely notification of safety risks, these deficiencies can result in safety and health hazards for building tenants, workers, and visitors.
- In August 2025, we reported that PBS is not consistently complying with Occupational Safety and Health Administration and GSA requirements to protect GSA employees and contractors from roof fall hazards.<sup>52</sup> We found that PBS is not providing adequate oversight of O&M contractors' safety plans, lacks sufficient fall protection systems and protective equipment, and is not ensuring PBS facility managers receive safety training. As a result, PBS is not ensuring that its employees and contractors comply with fall protection requirements.

We also found that PBS risk management surveys are not effectively identifying and resolving roof fall hazards in a timely manner. Additionally, PBS did not conduct the roof fall protection assessments for roof replacement projects required by GSA's P100, *Facilities Standards for the Public Buildings Service*, and did not always post appropriate signage at its buildings to warn GSA employees, contractors, and tenants of roof fall hazards. Taken together, these deficiencies increase the risk of fall-related injury or death.

As these reports and memorandums demonstrate, PBS continues to face significant challenges to meet and manage its responsibilities for providing a safe work environment at federally owned and leased facilities.

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<sup>50</sup> *Facility Security Inspection of a High-Risk GSA Building* (Report Number JE25-001, October 16, 2024).

<sup>51</sup> *Safety and Accessibility Deficiencies at the Jacob K. Javits Federal Building in New York, New York* (Report Number A240064/P/2/R25002, June 17, 2025).

<sup>52</sup> *Audit of Roof Fall Protection and Safety in GSA-Owned Buildings* (Report Number A240041/P/9/R25004, August 14, 2025).

## Challenge 8: Securing Federal Facilities

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Federal agencies are required to provide safe and healthful work environments for federal employees and the visiting public.<sup>53</sup> As landlord for the federal government, GSA has an added responsibility to ensure that GSA-controlled space is constructed, operated, and maintained in a safe, secure, and healthful manner.<sup>54</sup> However, our recent audit work demonstrates that GSA remains challenged to fulfill this responsibility across its real estate portfolio.

One emerging security issue for GSA is the use of foreign-made drones. In a March 2025 alert memorandum, we reported that a construction contractor for a project at the San Luis I Land Port of Entry (LPOE) frequently took aerial photographs of the construction progress using a drone manufactured by a company that the U.S. Department of Defense has identified as a “Chinese military company” and a potential threat to national security.<sup>55</sup> This LPOE houses the U.S. Department of Homeland Security’s U.S. Customs and Border Protection and U.S. Immigration and Customs Enforcement and is considered a Security Level III facility.<sup>56</sup> Accordingly, if the area was compromised, it could result in significant adverse consequences for the facility, operation of the facility, the mission of the agency, or its occupants and visitors. We alerted the PBS Commissioner that this is the second time we have identified security concerns related to using drones to photograph LPOE construction sites. In September 2024, our office reported similar concerns related to drone usage on a LPOE paving project completed by the PBS Region 2 at New York State’s northern border.<sup>57</sup>

This is not the only security vulnerability similarity between these two projects. In July 2025, we issued an alert memorandum notifying the PBS Commissioner that numerous contractor and subcontractor employees working on the San Luis I LPOE project either failed or did not undergo the required security screening.<sup>58</sup> In our September 2024 report on PBS Region 2’s project, we also found that PBS did not adequately enforce security requirements for construction personnel who worked on the project task order, did not ensure that background

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<sup>53</sup> 41 C.F.R. 102, *Federal Management Regulation*.

<sup>54</sup> 40 U.S.C. 582, *Management of buildings by Administrator of General Services*; and 41 C.F.R. 102.

<sup>55</sup> *Alert Memorandum: PBS Allowed the Use of a Drone from a Prohibited Source to Photograph Construction at a Land Port of Entry in San Luis, Arizona* (Memorandum Number A220036-5, March 13, 2025).

<sup>56</sup> The U.S. Department of Homeland Security defines Facility Security Level as a categorization based on the analysis of several security-related facility factors, which serves as the basis for the identification of preliminary countermeasures and recurring risk assessments. There are five Facility Security Levels, with Level V facilities facing a very high level of risk.

<sup>57</sup> *Oversight of PBS’s Projects Funded by the Infrastructure Investment and Jobs Act: Audit of Paving Project at New York State’s Northern Border* (Report Number A220036/P/2/R24008, September 24, 2024).

<sup>58</sup> *Alert Memorandum: Uncleared Contractors Worked on PBS’s San Luis I Land Port of Entry Expansion and Modernization Project in San Luis, Arizona* (Memorandum Number A220036-8, July 18, 2025).



security checks were completed for construction personnel, and was unaware that the contractor did not submit the names of all construction personnel for background security checks.

In late FY 2024, we found that another security risk persisted in GSA-controlled buildings. In our September 2024 implementation review, we reviewed the corrective actions PBS took in response to the recommendations contained in our January 2020 report on child care centers in GSA-controlled buildings.<sup>59</sup> Our implementation review found that PBS had not effectively addressed the recommendations in our January 2020 report. Specifically, significant security vulnerabilities remained outstanding for 80 of the 93 child care centers in GSA-controlled buildings. In addition, PBS did not fully complete the corrective actions to determine repair cost estimates for identified security deficiencies for GSA-controlled buildings with child care centers.

Taken together, these persistent findings demonstrate that the physical security of GSA's vast real estate portfolio remains a significant challenge.

## **Challenge 9: Changing the Direction of the Technology Transformation Service**

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In 2016, FAS's Technology Transformation Service (TTS) was established as GSA's third service to unite various technology programs and offices previously found across GSA. A year later, the IT Modernization Centers of Excellence were added, and TTS was moved within the FAS. In March 2025, the new TTS director announced that TTS would end all of its non-critical and non-statutorily required work (e.g., 18F, an original TTS program), and associated personnel would be dismissed.

According to the TTS director, in FY 2026, TTS will focus on two internal GSA initiatives and five priority programs: (1) SAM.gov; (2) Login.gov; (3) Centers of Excellence (4) Federal Risk and Authorization Management Program (FedRAMP); and (5) cloud.gov. TTS will also use the results of systematic IT audits of customer agencies to identify opportunities for new shared services or a consolidation of contracts. The TTS director has stated that TTS must be more selective in the projects it accepts to ensure it has the capacity and resources for success.

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<sup>59</sup> *Implementation Review of Corrective Action Plan: Child Care Centers in GSA-Controlled Buildings Have Significant Security Vulnerabilities Report Number A170119/P/6/R20001, January 30, 2020 (Assignment Number A240019, September 17, 2024).*



Since its inception, TTS (or its components) has been the subject of multiple audits and evaluations.<sup>60</sup> Each one has reported weaknesses in TTS's management controls related to oversight, financial management, performance, IT, or human capital. After nearly 9 years, TTS is forecasted to again miss its financial requirement to achieve cost recovery of its operational funding from the Acquisition Services Fund. Our most recent TTS-focused audit report (issued on July 14, 2025) found that TTS violated federal hiring requirements and raised concerns about fairness and accountability. While TTS eliminated its Talent Division (the main subject of the audit) through a March 2025 reduction in force, the findings of this audit demonstrate TTS's continued challenges to comply with federal regulations in its operations.

Moreover, according to GSA human resource data, TTS's overall staff has been reduced by 67 percent since January 25, 2025. The TTS director told us he believes that TTS has made the most aggressive changes to meet workforce optimization mandates, due in part to its small size and political leadership. Despite a new direction with streamlined priorities, TTS's reduced staff and a history of weak controls place it at risk of misspent money and degradation of services for the customer agencies it serves.

## Challenge 10: Overhauling the Federal Acquisition Regulation

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Under Executive Order 14275, *Restoring Common Sense to Federal Procurement*, the federal government is undertaking the first-ever comprehensive overhaul of the FAR in its 41-year history. Led by OMB's Office of Federal Procurement Policy and the Federal Acquisition Regulatory Council (FAR Council), which includes GSA, the National Aeronautics and Space Administration, and the U.S. Department of Defense, the goal of this initiative is to return the FAR to its statutory roots, rewrite it in plain language, and remove most non-statutory rules.

GSA's Office of Government-wide Policy is primarily responsible for writing and maintaining the FAR within the FAR Council. According to the executive order, the FAR Council has just 180 days from April 15, 2025, to overhaul the FAR. This is a very short timeline considering typical FAR amendments and revisions take an average of 16 months (or 480 days) to complete. To achieve quicker and more immediate implementation, initial FAR changes will be implemented through agency-specific deviations before going through the formal rule-making process. The head of each federal agency is responsible for issuing a class deviation that explains that it will be following the FAR Council's proposed FAR revisions rather than the legacy FAR. These class deviations will stay in effect until the revised FAR clauses are incorporated into the final FAR through the formal rule-making process.

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<sup>60</sup> GAO's *Digital Service Programs: Assessing Results and Coordinating with Chief Information Officers Can Improve Delivery of Federal Projects* (GAO-16-602, August 15, 2016); GSA OIG's *Evaluation of 18F* (JE17-001, October 24, 2016); GSA OIG's *Evaluation of 18F's Information Technology Security Compliance* (JE17-002, February 21, 2017); GSA OIG's *GSA Misled Customers on Login.gov's Compliance with Digital Identity Standards* (JE23-003, March 7, 2023); and GSA OIG *GSA's Technology Transformation Services Violated Hiring Rules and Overpaid Incentives* (A240037/Q/6/P25001, July 14, 2025).

OMB guidance related to the executive order requires agencies to issue their agency-specific deviations within 30 days of the date the FAR Council's proposed FAR revisions are published. The agency-specific deviations permit agencies to adopt the FAR revisions before the formal rule-making process, which includes a required legal review and public comment period.

While the public can provide informal feedback to proposed revisions, the deviation process does not require the FAR Council to address feedback or disclose it to the public. As the rewrite moves forward, GSA is challenged with overhauling the FAR and adopting deviations in such a short amount of time.

# GSA Response to the Office of Inspector General's Management Challenges for FY 2026

(Unaudited)

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

## Implementation of GSA-Wide Reorganization Efforts

GSA Services and Staff Offices have done comprehensive assessments of their functions and staffing needs to realign and consolidate various functions to address gaps created by staffing reductions. GSA has also taken on an expanded role in consolidating procurement functions from across GSA and other agencies. On that basis, GSA has completed or is in the process of completing ten reorganizations to improve the agency's structure and make it more responsive to our mission and customer needs. GSA's review and consideration of its mission and core functions served as guiding principles for the determination of what reshaping and restructuring activities would optimize its current staff.

## Establishing and Maintaining an Effective Internal Control Environment

Establishing and maintaining a strong internal control environment is critical to GSA's ability to deliver effective and efficient government services. In 2025, GSA executed on its vision of internal control self-assessments that were focused on agency-wide, high-priority activities, based on consideration of risk. GSA created a risk registry that identified and assessed 207 operational risks across GSA, improving decision-making, risk management, and informing the Administrator's Annual Assurance Statement. This approach also provides GSA with a deeper understanding of each control's impact on critical business functions and enables us to monitor those more effectively, identify and address risks more precisely, and allocate appropriate resources.

This year, GSA established an agency-wide fraud risk program. After recognizing the need to increase focus on fraud prevention and detection given the government-wide lessons of the pandemic relief programs, GSA OCFO partnered with GSA OIG and worked across all Services and Staff Offices (SSOs) to conduct a fraud exposure assessment, assess fraud risk in the annual operational risk assessments, and develop corrective plans to mitigate risks. This led to a fraud risk profile to track and monitor fraud risks, which will be the 2026 focus.

GSA OCFO also developed a comprehensive "Internal Controls Desk Guide" to assist GSA employees (namely risk reviewers, risk managers, and risk owners) with assessing risk and evaluating the internal controls in place (or that need to be) to manage and mitigate it. We have also proactively partnered across GSA on challenges such as network access for departed staff, managing government-furnished equipment, and internal controls around the Former Presidents

Program, reflecting our emphasis on proactively identifying and correcting internal control issues.

## Improving Contract Award and Administration

GSA concurs with the OIG's assessment that contract administration is a key management challenge. Recognizing this as a long-term issue, GSA remains committed to continuous improvement by enhancing employee accountability, refining management tools, addressing training needs, and clarifying policy. In addition to the measures the OIG noted, GSA also developed the Procurement Oversight Evaluation Tool (POET) which offers a more user-friendly and adaptable approach to contract file evaluation. Designed for scalability across GSA, POET's functionality will be tested and refined through FY26 reviews. The goal is to provide FAS and PBS with a centralized portal for managing review outcomes, enabling GSA-wide trend analysis and proactive acquisition compliance, leading to better outcomes for our customers.

## Developing Efficient and Effective Acquisition Solutions

FAS is undertaking several strategic initiatives that will have a significant impact on its acquisition solutions. The organization is confident that efforts to right-size the Multiple Award Schedule (MAS) Program, strengthen supply chain risk management, and streamline government procurement will drive meaningful improvements. Through these initiatives, FAS aims to reduce waste, enhance operational efficiency, and deliver greater value and better outcomes for taxpayers.

### *Streamlining the Multiple Award Schedule*

FAS continues to implement initiatives and tools to transform the MAS Program and is taking action to ensure these efforts are effectively implemented, managed, and evaluated.

FAS has continued to improve the Transactional Data Reporting (TDR) program and ensure agencies, including GSA, have the information and tools necessary to make full use of its potential. GSA has made substantial improvements to the TDR program in FY 2025. Highlights include reaching a record high TDR data quality rate of 95 percent for MAS products, announcing expansion of TDR's benefits to all MAS product Special Item Numbers (SINs), and integrating TDR data into the FAS Market Research As a Service (MRAS) tool. FAS continues to engage closely with industry to ensure a successful, phased expansion to the TDR program.

FAS is committed to continuous improvement of its pricing tools, which provide the acquisition workforce with information to support price analyses and determinations of fair and reasonable pricing. In FY 2025, the Compliance & Pricing (C&P) report replaced the Price Point Plus Portal tool. The C&P report provides comprehensive pricing information, including TDR data, and streamlines the price analysis process for the workforce. FAS has increased transparency with industry by making this information available to MAS contractors through the FAS Catalog Platform (FCP).

Through the MAS rightsizing effort, FAS seeks to cut waste, improve government operations, and deliver better outcomes for taxpayers. FAS has taken a measured, data-driven approach to ensure that the MAS program remains lean, efficient, and supports government needs.

### *Supply Chain Risk Management*

GSA prioritizes security and compliance and recognizes supply chain risk management (SCRM) as a top management challenge. GSA has aggressively implemented the regulatory prohibitions and established internal controls that exceed federal acquisition requirements. FAS continued its SCRM Champion program and used monthly meetings to deliver national security compliance education on three different SCRM-related regulations and policies issued in FY 2025 covering foreign drones, secure software, and Federal Acquisition Supply Chain Security Act (FASCSA) Orders. FAS also created an [Acquisition by Topic](#) web page for each of these regulations and policies to further support implementation efforts. In FY 2025, GSA prioritized implementation of the first FASCSA Order banning and excluding ACRONIS AG and removed over 1,600 products from GSA Advantage within 24 hours of the Office of the Director of National Intelligence (DNI) FASCSA Order being posted in the System for Award Management (SAM.gov).

GSA continues to use commercial supply chain illumination tools to identify risk and validate vendor attestations of Section 889 compliance, as well as other prohibitions and country of origin (COO) claims. GSA performed risk assessments of over 1,100 entities in FY 2025, providing actionable recommendations to mitigate identified risks, a 34% increase in risk assessment production, compared to FY24. Additionally, GSA has made SCRM tools available to government customers through a BPA and posted a Cybersecurity Supply Chain Risk Management Acquisition Guide hosted on [buy.gsa.gov](#).

### *Centralizing Government Procurement*

GSA is working with OMB to establish and implement a plan to implement Executive Order (EO) 14240, Eliminating Waste and Saving Taxpayer Dollars by Consolidating Procurement and M-25-31, Consolidating Federal Procurement Activities.

## Maximizing the Performance of GSA's Real Property Inventory

GSA is addressing the challenge of maximizing the performance of its real property inventory. With annual maintenance and operating costs exceeding \$1.4 billion and a 10-year capital repair needs of \$26 billion, the federal government cannot sustain its current footprint. GSA's strategy mitigates risks from an oversized, underutilized, and underfunded portfolio through targeted disposals, data-driven management, and optimized operations.

A key strategic component is the accelerated disposal of federal buildings. As of October 2025, 45 properties have been identified for accelerated disposal, projected to reduce inventory by 14.6 million square feet, save \$106 million annually, and cut \$3 billion in needed repairs. Reforms under Title III of the Thomas R. Carper Water Resources Development Act of 2024, implemented in coordination with OMB, GAO, and other agencies, improve occupancy data reporting and support better portfolio decisions. Enhanced analytics, co-location tools, and space optimization initiatives further enable efficient space use.

The FY26 budget request includes \$1.7 billion for the Capital Investment Program and \$193.3 million for the Asset Proceeds and Space Management Fund to support dispositions and maintain core assets. Funding is also requested for a transformational Optimization Program to dispose of underperforming buildings, invest in core assets, and implement cost-effective lease

strategies. Full access to the Federal Buildings Fund remains critical, as annual diversions of roughly \$1 billion have historically limited GSA's ability to maintain, modernize, and consolidate its real estate portfolio. GSA will continue pursuing legislative proposals to address these funding challenges but continues to face legislative reform challenges that constrain its ability to fully implement portfolio optimization. These include lack of full access to the Federal Buildings Fund, outdated prospectus thresholds, and lack of direct access to sales proceeds. Continued congressional action is needed to modernize these authorities and provide sustained, predictable funding to align with GSA's long-term capital and disposition strategy and save taxpayer money.

Furthermore, PBS is transitioning from a geographically based model to an integrated functional structure to enhance efficiency, flexibility, accountability, and customer service, while also strengthening oversight across key programs to ensure compliance and effective management of federally owned assets. Together, with congressional support for FY26 investments, these efforts will make GSA's portfolio smaller, more functional, and more cost-effective to operate.

## Managing Agency Cybersecurity Risks

GSA is committed to safeguarding its IT infrastructure and the data it holds, recognizing the evolving cybersecurity landscape and the increasing sophistication of threats. GSA is committed to protecting both its own operations and the broader federal government from evolving cyber supply chain threats through prevention, detection, and response capabilities. GSA is prioritizing secure user access to applications through the implementation of a Zero Trust architecture. By leveraging Zero Trust Network Access (ZTNA) solutions and modernized authentication platforms, GSA is providing its users with secure access while simultaneously strengthening its security posture with impersonation-resistant authentication and enhanced identity validation.

GSA continues to partner with Cybersecurity and Infrastructure Security Agency (CISA) in developing the next generation of the Continuous Diagnostics and Mitigation (CDM) solutions. This includes piloting new technologies to enhance the unified risk dashboard for the agency and becoming a customer of CISA's new Security Information and Event Management (SIEM) SIEM-as-a-Service offering, significantly reducing GSA's licensing and maintenance costs for its SIEM infrastructure.

GSA proactively manages cybersecurity risks from its suppliers and technology partners through a comprehensive Cyber Supply Chain Risk Management (C-SCRM) program that prioritizes risks across the agency using multiple integrated capabilities. The program maintains a list of critical suppliers and leverages AI-powered supplier investigations to enhance reporting quality and efficiency while producing regular C-SCRM reports to continuously track and manage cyber supply chain risks. GSA has strengthened its procurement processes by updating the GSA Acquisition Manual (GSAM) to require acquisition professionals to involve the C-SCRM team when overseeing contractual risks for hardware, FISMA systems, and critical software.

Recognizing the transformative potential of Artificial Intelligence (AI), GSA balances AI adoption with robust cybersecurity safeguards. The Evidence-Based Data Governance Executive (EDGE) Board has oversight of all AI use cases to ensure fairness, accountability, and protection of individual rights. The AI Safety Board evaluates risks related to public safety and privacy, with



specific attention to higher-impact AI systems. Automated alerts and reporting systems are in place to detect deviations from compliance standards, triggering immediate review. GSA continuously examines its cybersecurity posture and security controls as AI implementation evolves.

To ensure secure access to critical government services, GSA provides Login.gov across 50 federal agencies and state governments. Login.gov received formal Identity Assurance Level 2 (IAL2) certification on October 8, 2024, following an independent third-party assessment. To meet IAL2 requirements of NIST SP 800-63-3, Login.gov now includes 1:1 facial matching and an in-person proofing option, providing users with a choice and enhanced security. Recent enhancements include integration with multiple identity verification vendors to improve system resilience and a broader set of identity signals, and expansion of the document collection process, now accepting and validating U.S. passports. New controls and collaborative signal sharing techniques have been added, along with more information and guidance for agency partners and users to be vigilant about where and how fraud may occur.

Lastly, secure operation of GSA's System for Award Management (SAM) is essential for protecting the government's business partners and maintaining the integrity of the federal awards process. SAM.gov employs layered, preventive measures to combat criminal activity and fraud, building trust in the system. These measures include, but are not limited to:

SAM.gov requires third-party users to declare their affiliation when acting on behalf of another organization, and their system permissions are automatically adjusted to reflect their limited role. To protect SAM.gov users and entity points of contact from potential attacks, we have successfully defended our authority to legally withhold their phone numbers and email addresses from release under the Freedom of Information Act (FOIA). Reaffirming, through successful legal defense, the authority to not release phone numbers and email addresses of SAM.gov users and entity points of contact under FOIA to prevent attacks. To prevent fraud and abuse, SAM.gov regularly updates its terms of use and procedures, with stricter guidelines regarding credential sharing and other potentially malicious activities.

GSA remains vigilant against the ever-changing cybersecurity landscape, continuously reinforcing its technical, legal, and communication defenses to safeguard the GSA ecosystem.

## Providing a Safe Work Environment

Ensuring a secure and safe work environment for federal employees and the public is a key imperative for GSA. PBS has successfully addressed over 57,000 risk conditions to date and continues to prioritize funding for remaining items. Its enhanced tracking tool provides real-time oversight, enabling users to verify corrections or abatement plans within 30 calendar days. PBS is also strengthening oversight of contractors to ensure compliance with safety standards and prompt resolution of deficiencies. Since 2021, over 1,300 PBS employees with facility safety responsibilities have included safety compliance goals in their performance plans.

GSA is dedicated to continually improving its management practices to ensure a safe work environment for federal employees and the visiting public. GSA has requested full access to the anticipated revenue collections in FY26 to invest those into addressing critical building needs and advance its real estate and workplace safety priorities. To ensure future access to adequate

funding, GSA's legislative agenda includes proposals to guarantee full access to Federal Buildings Fund collections and to raise the prospectus threshold under 40 U.S.C. 3307 for major capital projects to \$10 million. Both initiatives would strengthen GSA's capacity to implement necessary improvements for workplace safety.

## Securing Federal Facilities

GSA is committed to providing safe and healthy facilities for tenants, employees, contractors and the visiting public. GSA partners with the Federal Protective Service (FPS), the Interagency Security Committee, and Facility Security Committees (FSC) in multi-tenant buildings and agencies in single tenant facilities. Security standards developed by the ISC are tailored in the assessment process to each building, tenant and mission to achieve the necessary level of protection. FPS conducts the Facility Security Assessments (FSA), varying by Facility Security Level, to identify threats and vulnerabilities and recommend countermeasures. The FSC or single occupant tenants receive the FSA from FPS, and through consensus the FSC or a single occupant determines the acceptance of risk or the available funding and implementation of countermeasures to mitigate the identified risk in the FSA.

In an effort to streamline the implementation of cameras and alarms in GSA facilities, OMA and PBS have collaborated with FAS, DHS and OMB on a solution to make cameras and alarms mandatory in GSA owned facilities based on the Facility Security Level (FSL).

PBS is implementing organizational changes to improve efficiency and optimize resources while maintaining secure and safe federal facilities. PBS will strengthen oversight to ensure proper training, compliance, and personnel oversight to ensure consistent participation in FSCs.

OMA is leading the interagency with the implementation of Trusted Workforce (continuous monitoring). GSA has enhanced security by continuously monitoring the public trust or clearance of GSA employees and contractors. Reinforcing safe and secure environments for all federal employees, contractors and visitors.

## Changing the Direction of the Technology Transformation Service

Governmentwide digital shared services ensure agencies are operating more efficiently and effectively. GSA's Technology Transformation Services (TTS) is committed to enhancing IT infrastructure and software services and continues to deliver successfully while focusing on financial sustainability, oversight, internal controls, performance, and human capital. This includes:

- Increasing effectiveness of solution delivery through consolidating offices, thus providing a more efficient management structure. In similar shared service areas, TTS is shifting from per product interdisciplinary teams to fewer teams that support multiple low complexity products, realizing more flexibility, efficiency and cost savings. This structure ensures technology expertise and the flexibility to shift focus and resources to emerging priorities, more complex initiatives, and pressing issues from the Administration. Through these efforts, TTS continues to successfully deliver its shared services and statutorily required programs with less staff and reduced contract spend.



- Reevaluating overall financial sustainability, including cost recovery efforts for key programs. For example, in FY 2025, the Integrated Award Environment (IAE) successfully reduced program costs, modernized 70% of Legacy SAM.gov, the Federal Procurement Data System (FPDS) search/display, and legacy FSRS.gov ahead of schedule while reducing planned FY 2025 program costs. Furthermore, IAE migrated the Federal Service Desk (FSD.gov) system to a government owned platform and decreased overall operational expenses. Far exceeding expectations, IAE retired FSRS.gov, and consolidated all subaward reporting data and functionality into SAM.gov.
- Greatly accelerating the adoption of new software into the federal government by launching FedRAMP's 20X program. FedRAMP 20X set an FY 2025 goal of having at least 10 initial pilot authorizations but went well beyond. 27 cloud providers participated in the FedRAMP 20X Phase One Pilot with 10 offerings already receiving a 12-Month Low Pilot Authorization and another 14 in-flight. Cloud providers previously faced a six-month wait for FedRAMP to begin reviews that lasted for over 1 year. FedRAMP now completes final reviews in under 30 days and it has authorized over 120 cloud service offerings since January 2025.

## Overhauling the Federal Acquisition Regulation

GSA appreciates the OIG's acknowledgement of the challenges posed by the aggressive timelines in Executive Order 14275, Restoring Common Sense to Federal Procurement, and related OMB guidance, and is committed to modernizing the FAR to promote efficiency, effectiveness, and transparency in government contracting.

GSA, as a member of the FAR Council, was required to amend the FAR, via model deviations, by October 12, 2025, aptly summarized by the OIG: "[a]ccording to the executive order, the FAR Council has just 180 days from April 15, 2025, to overhaul the FAR". The FAR Council published the first model deviations on May 2, 2025, and published the final deviations on September 30, 2025, in advance of the Executive Order's deadline. All model deviations can be found (along with their issuance dates) here: <https://www.acquisition.gov/far-overhaul/far-part-deviation-guide>. Via these deviations, the FAR Council eliminated over 480 pages, almost 230,000 words, and over 2,700 directives ("must"s). GSA has commenced preparing and dedicating resources to move into formal rulemaking to make the deviations part of the codified FAR.

As highlighted by the OIG, GSA, as an agency, was also required to issue "agency-specific deviations within 30 days of the date the FAR Council's proposed FAR revisions are published." GSA, as a government-wide leader in procurement, issued all but four agency-level deviations on *the same day* that the FAR Council published their model deviations. For the final four model deviations published by the FAR Council on September 30, 2025, GSA issued its agency-level deviations on October 9, 2025, just over a week later—well in advance of OMB's 30-day deadline. GSA's agency-level deviations can also be found here: <https://www.acquisition.gov/far-overhaul/far-part-deviation-guide>.

GSA is committed to the agency-wide adoption of these changes by its acquisition workforce and has created Practitioner Albums associated with each model deviation, as well as the initial non-regulatory buying guides, specifically the FAR Companion and the Category Management Buying Guide. Beyond resources, familiarization training highlighting the changes (IMPACT:

Integrated Management of Policy And Collaborative Training), recurring office hours, coaching, and long-form training courses are being provided to the workforce. In support of the sustainment of these resources, GSA has also established mechanisms to test the new buying rules and to provide feedback that can be incorporated into the resources.

# Payment Integrity (Unaudited)

## Background

The Payment Integrity Information Act of 2019 updated existing statutes that established requirements for federal agencies to cut down on improper payments. For implementation, all program outlays fall into one of three payment type categories: proper payment, improper payment, or unknown payment.

At a high level, payments are considered proper if they were made to the right recipient for the right amount, whereas improper payments generally include payments made in an incorrect amount or to the wrong recipient. In instances when an agency is unable to determine whether the payment falls into the proper or improper category, that payment is considered an unknown payment. Unknown payments are payments that could be either proper or improper, but cannot be determined due to insufficient or missing documentation. Unknown payments must be considered as part of the improper payment risk assessment process. Improper payments further fall into one of two categories: improper payments resulting in a monetary loss or improper payments that do not result in a monetary loss.

The Office of Management and Budget (OMB) requires agencies to report on improper payments. Detailed information on the U.S. General Services Administration's (GSA) payment integrity in this and previous fiscal years can be found on [PaymentAccuracy.gov](https://www.paymentaccuracy.gov). The federal payment accuracy website features annual improper payment data sets, program scorecards, and frequently asked questions relating to improper payments.

OMB also establishes reporting requirements for programs classified as high-risk or high-priority for improper payment reporting. None of GSA's programs are classified as high-risk or high-priority for improper payment reporting. Therefore, OMB has exempted GSA from high-risk improper payment reporting in FY 2025. In accordance with OMB Circular A-123, Appendix C, GSA continues to complete risk assessments of programs meeting OMB criteria on an ongoing 3-year cycle.

## Payment Recapture Audit Program

The OMB Circular A-123, Appendix C, requires federal agencies to conduct payment recapture audits for all programs and activities that expend \$1 million or more annually if conducting such an audit is cost effective for the agency. GSA has one program where the recapture audit is required: the Rental of Space program. GSA has contracted a payment recapture auditor for this effort.

The purpose of GSA's payment recapture audit is to identify and recover overpayments for the Rental of Space program. Rent overpayments, rent credits, and real estate tax credits are common sources of overpayments. Root causes for rent-related overpayments include calculation errors, administrative errors, system errors, failure to take the proper rent credits, and failure to terminate the lease in a timely manner. Overpayments for real estate tax credits are caused by the failure of the lessor to comply with the lease contract and submit tax bills or

refunds, the complexity in determining the base year tax amount, and the improper determination of which line items of the tax bill GSA is required to pay.

Utilizing the payment recapture audit, GSA reviews the Rental of Space program annually to detect errors, recover overpayments, and identify opportunities for process improvement. This review includes an analysis of leasing contracts, lease amendments, and lease digest actions, as well as the development of a detailed monthly rental schedule from the beginning of a lease to its most recent payment. The results are compared to actual payments, by month, to determine if discrepancies exist. The nature and origin of discrepancies are quantified and identified, and GSA establishes claims to recapture overpayments in accordance with the Debt Collection Improvement Act of 1996. GSA also audits its lease files annually to verify that tax bills have been submitted to the agency. If any bills are missing, GSA retrieves the bill and analyzes whether GSA is owed money through the claim process.

## Other GSA Statutorily Required Reports (Unaudited)

### Debt Management

The U.S. General Services Administration (GSA) reported \$176.6 million of outstanding debt from non-federal sources, subject to the Debt Collection Improvement Act of 1996 (DCIA). Of that amount, \$48.4 million, or 27.4 percent, of the outstanding debt was delinquent at the end of fiscal year (FY) 2025. Non-federal receivables consist of debts owed on third-party claims, travel advances, proceeds from the sale of real property, and other miscellaneous receivables.

To comply with the DCIA, GSA transmits delinquent claims each month to the U.S. Department of the Treasury's Bureau of the Fiscal Service (BFS) for cross-servicing collection. During FY 2025, GSA managed collections of non-federal claims valued in excess of \$578.6 million of which \$51.1 million in delinquent claims were referred to the United States Department of the Treasury for cross-servicing collection activities.

The Office of the Chief Financial Officer continued to implement and initiate actions to improve debt collection efforts and to reduce the amount of debt written off as uncollectible by GSA. GSA actively pursues delinquent non-federal claims using installment agreements, salary offset, administrative wage garnishment, and any other applicable statutory authority. Resolving delinquent accounts receivables and claims is a high priority for the agency.

### Cash and Payments Management

The Prompt Payment Act (PPA), along with the DCIA, requires the timely payment of commercial obligations for supplies and services using electronic funds transfer. In FY 2025, GSA paid interest of \$1.4 million on disbursements subject to the Prompt Payment Act of \$35.4 billion, or \$38.3 in interest per million disbursed. The statistics for the current year:

	2025
Total Number of Invoices Paid	1,714,329
Total Dollars Disbursed (in billions)	\$35.4
Total Dollars of Interest Penalties (in millions)	\$1.4
Interest Paid per Million Disbursed	\$38.3
Percentage of Invoices Paid-On-Time	99.6%
Percentage of Invoices Paid Late	0.4%
Percentage of Invoices Paid Electronically	99.9%

## Civil Monetary Penalties Inflation Adjustment (Unaudited)

The Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 requires agencies to increase the dollar amount of civil penalties each year so that the penalties maintain their deterrent effect. The penalty and the applicable authority identified for adjustment in accordance with the act are listed below:

Statutory Authority	Penalty Name and Description	Year Enacted	Last Year of Adjustment	Current Penalty (Dollar Amount or Range)	Bureau Name	Reference for Penalty Update Details
40 U.S.C. 121(c); 31 U.S.C. 3809	Program Fraud Civil Remedies Act	1986	2024	Maximum of \$13,700 for each false, fictitious, or fraudulent statement	U.S. General Services Administration	<a href="#">89 FR 103662</a> 12/19/2024

# Acronyms and Abbreviations (Unaudited)

Acronym	Definition	Acronym	Definition
AAS	Assisted Acquisition Services	E.O.	Executive Order
ADA	Antideficiency Act	ERSI	Enterprise Risk and Strategic Initiatives
AFR	Agency Financial Report	ESCO	Energy-Service Companies
AI	artificial intelligence	ESPC	Energy Savings Performance Contracts
ASF	Acquisition Services Fund	FAR	Federal Acquisition Regulation
ASSIST	Assisted Services Shared Information System	FAS	Federal Acquisition Service
AWS	Amazon Web Services	FASAB	Federal Accounting Standards Advisory Board
BAT	Building Assessment Tool	FASTA	Federal Assets Sale and Transfer Act
BFS	U.S. Department of the Treasury's Bureau of the Fiscal Service	FBF	Federal Buildings Fund
C-SCRM	Cybersecurity supply chain risk management	FBwT	Fund Balance with Treasury
CAS	Centralized Acquisition Services	FCI	Facility Condition Index
C.F.R.	Code of Federal Regulations	FCSF	Federal Citizen Services Fund
CFO	Chief Financial Officer	FECA	Federal Employees' Compensation Act
CMc	Construction Manager as Constructor	FedRAMP	Federal Risk and Authorization Management Program
COVID-19	Coronavirus Disease of 2019	FERS	Federal Employees Retirement System
CSBR	Combined Statements of Budgetary Resources	FFATA	Federal Financial Accountability and Transparency Act of 2006
CSRS	Civil Service Retirement System	FFMIA	Federal Financial Management Improvement Act of 1996
CY	Calendar Year	FISMA	Federal Information Security Modernization Act
DATA Act	Digital Accountability and Transparency Act of 2014	FIT	Furniture and Information Technology program
DCIA	Debt Collection Improvement Act of 1996	FMFIA	Federal Managers' Financial Integrity Act of 1982
DM&R	Deferred Maintenance and Repairs	FPMR	Federal Property Management Regulation
DOL	U.S. Department of Labor	FRPC	Federal Real Property Council
EASi	Enterprise Acquisition System Integrated	FR	Federal Register

<b>Acronym</b>	<b>Definition</b>	<b>Acronym</b>	<b>Definition</b>
FY	Fiscal Year	P3	Public Private Partnerships
GAAP	Generally Accepted Accounting Principles	PBS	Public Buildings Service
GAO	Government Accountability Office	PBS	
GS&S	General Supplies and Services	Region 2	PBS Northeast and Caribbean Region
GSA	U.S. General Services Administration	PEGASYS	GSA's core financial system of record
GSai	General Services Administration AI tool	PMR	Procurement Management Review
GSA IT	Office of GSA's Chief Information Officer	PP&E	Plant, Property and Equipment
GSAM	General Services Acquisition Manual	PPA	Prompt Payment Act
GTAS	Governmentwide Treasury Account Symbol Adjusted Trial Balance System	PPAs	Power Purchase Agreements
HR Links	Human Resources Links - GSA's HR system of record	PS&HC	Professional Services and Human Capital
IAL2	Identity Assurance Level 2	R&A	Repairs and Alterations
IIJA	Infrastructure Investment and Jobs Act	REXUS	Real Estate Across the United States
IRA	Inflation Reduction Act	ROE	Report of Excess
IT	Information Technology	RPA	Robotic Process Automation
ITC	Information Technology Category	RTU	Right to Use
LPOE	Land Port of Entry	SAM	System for Award Management
MAS	Multiple Award Schedule	SBR	Statement of Budgetary Resources
NDAA	National Defense Authorization Act		United States Securities and Exchange Commission
NIST	National Institute of Standards and Technology	SEC	
O&M	Operations and Maintenance	SF	Standard Form
OA	Occupancy Agreement	SFFAS	Statement of Federal Financial Accounting Standards
OCFO	Office of the Chief Financial Officer	SP	Special Publication
OGP	Office of Government-wide Policy	SSA	U.S. Social Security Administration
OIG	Office of Inspector General	STR	Short-Term Rental
OMB	Office of Management and Budget	TAA	Trade Agreements Act of 1979
OPD	PBS's Office of Project Delivery	TAS	Treasury Account Symbol
OPM	Office of Personnel Management	Telecom	Telecom Technologies, Inc.
		TDR	Transactional Data Reporting
		TMF	Technology Modernization Fund



<b>Acronym</b>	<b>Definition</b>
TSP	Thrift Savings Plan
TTL	Travel, Transportation and Logistics
TTS	Technology Transformation Services
U.S.	United States of America
U.S.C.	United States Code
UESC	Utility Energy Service Contracts
U.S. Treasury	United States Department of the Treasury
USPS	United States Postal Service
USSGL	U.S. Standard General Ledger
WCF	Working Capital Fund
WDesk	Workiva



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