U.S. General Services Administration



2026 Agency Financial Report

A Renewed GSA Mission



Real Estate Management



Government Acquisition

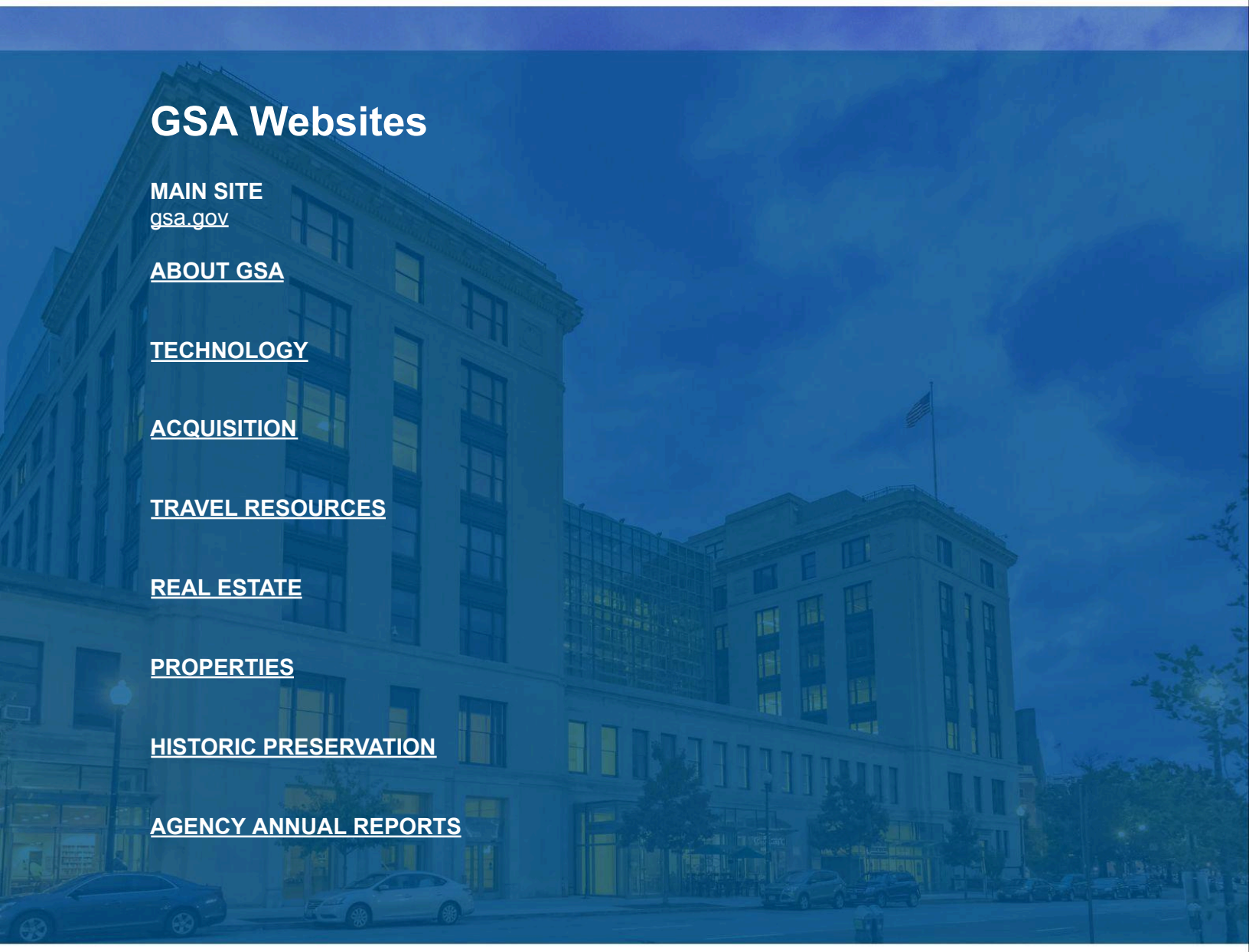


Technology Services

1776-2026

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U.S. General Services Administration



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Brief Overview of the Agency Financial Report (Unaudited)

The fiscal year (FY) 2026 Agency Financial Report (AFR) for the U.S. General Services Administration (GSA) provides an update to the President, Congress, and the public on GSA's management of Federal resources. It details the agency's commitment to providing the Government and the American public with exceptional customer service and value across real estate, acquisition, and technology sectors. GSA has issued this AFR alongside an annual performance report; both are accessible via GSA.gov in the Annual Reports section.

GSA plays a critical role in enhancing the effectiveness and efficiency of other agencies by supporting their technology needs, overseeing real property management and disposal, and facilitating the procurement of goods, services, and technology. Within this AFR, the agency presents its performance outcomes, high-level financial analyses, control assessments, stewardship data, and a summary of current challenges.

Letter from the Administrator (Unaudited)

I am pleased to present the U.S. General Services Administration's (GSA) Agency Financial Report for fiscal year (FY) 2026.

FY 2026 was a consequential year for GSA. Across real estate, acquisition, technology, and governmentwide policy, we delivered on President Trump's priorities for a leaner, faster, and more accountable Federal Government.

For the 20th consecutive year, the agency earned a clean, unmodified audit opinion—a reflection of our sustained commitment to excellence, accountability, and the disciplined management of public funds.

GSA holds a unique position in government. We manage one of the nation's largest public real estate portfolios, lead governmentwide acquisition, operate shared technology platforms, and develop the Executive branch policies that shape how agencies buy, build, and operate. Few institutions combine this breadth of mission with the depth of expertise GSA brings to it, and in FY 2026, we put that capability to work for the American people.

Federal real estate is the physical foundation of our Republic. GSA is restoring it.

Federal buildings are owned by the American people. The government has a clear obligation to safeguard those buildings, manage them with discipline, and prevent the deterioration that drives costs higher over time. In FY 2026, GSA made significant progress strengthening the portfolio and reducing underutilized property. The Public Buildings Service disposed of 142 buildings across 85 federally controlled properties, shrinking the federal footprint by nearly 5 million square feet and generating $479 million in gross sales revenue.

The current funding structure and restricted access to the Federal Buildings Fund constrain GSA's capacity to repair aging facilities, relocate agencies, and address billions of dollars in delinquent maintenance. The result is a system in which routine upkeep becomes deferred, manageable repairs escalate into major capital failures, and the public ultimately bears a higher cost.

To address nearly $50 billion in delinquent maintenance, I am leading a coalition of every Cabinet department and many federal leaders in urgently advocating for full access to the Federal Buildings Fund and for raising the prospectus threshold from $4.1 million to $75 million. These reforms are essential to protecting public assets, improving safety, and reducing long-term expenses.

Smart acquisition means stronger results for every federal agency—and every American taxpayer.

GSA's Federal Acquisition Service (FAS) turns the government's purchasing power into tangible value for the agencies it serves. In FY 2026, FAS put that power to work—reducing redundancy,

securing stronger pricing, and helping agencies obtain the products and services they need with greater speed and less administrative friction.

Revenue in the Acquisition Services Fund grew by more than $2 billion, while GSA delivered approximately $6.1 billion in acquisition program savings for customer agencies through governmentwide solutions, strategic price negotiations, specialized acquisition support, and refunds from purchase, travel, and fleet card programs. Those savings are expected to grow as agencies complete year-end actions.

President Trump directed common sense back into federal procurement. GSA delivered it.

President Trump recognized a simple truth: when the Federal Government buys as one, the American people win. By consolidating federal procurement at GSA, the President directed common sense back into the way Washington buys—leveraging scale, eliminating duplication, and concentrating expertise where it already exists. It is the smart decision, and it is the right one.

Under Executive Order 14275, *Restoring Common Sense to Federal Procurement*, GSA's Office of Government-wide Policy, working alongside our FAR Council partners, played a central role in overhauling the Federal Acquisition Regulation. The mission was clear: cut through decades of accumulated complexity, strip away avoidable administrative barriers, and restore clarity, discipline, and purpose to the rules that govern how the Federal Government buys.

The FAR Council's model deviations reduced the regulation by more than 480 pages, 230,000 words, and 2,700 mandatory requirements—one of the most significant simplifications of federal procurement rules in a generation. In FY 2026, GSA realized an effective competition rate of 76.6 percent, exceeding our target, while procurement administrative lead times through the third quarter for CFO Act agencies outperformed every benchmark.

Technology is how government meets its citizens—and GSA is powering it.

In partnership with the National Design Studio, GSA brought President Trump's vision for America.gov to life—launching the platform in record time. America.gov is a first-of-its-kind digital gateway that uses industry-leading Super Intelligence tools to usher in the Golden Age of the citizen experience, making it simpler, faster, and more intuitive for Americans to access the services they rely on. It is proof that when the Federal Government commits to excellence in design and execution, the public feels the difference.

GSA's Technology Transformation Services continued advancing Login.gov, the government's shared authentication and identity verification platform. By consolidating duplicative costs, strengthening security, and delivering a more consistent digital experience, Login.gov is making federal services easier to reach and safer to use.

We also accelerated secure access to cloud technology through the Federal Risk and Authorization Management Program (FedRAMP). In FY 2026, the average time to approve

FedRAMP Rev. 5 or 20x authorizations was 29 days—beating our 30-day target and improving dramatically from the FY 2025 average of 150 days. Speed, security, and accountability can coexist, and GSA is proving it.

Fraud, waste, and abuse have no place in the Federal Government. GSA is rooting them out.

Under Executive Order 14249, *Protecting America's Bank Account Against Fraud, Waste, and Abuse*, GSA expanded data-driven monitoring of federal contracts. Since March 2026, in collaboration with the White House Task Force to Eliminate Fraud, the agency has identified more than $13 billion in suspected procurement fraud—exposing bad actors, reinforcing oversight, and defending the hard-earned dollars of the American taxpayer.

GSA's financial management reflects the discipline the American people expect.

In accordance with the Reports Consolidation Act of 2000 and A-136, I have assessed the completeness and reliability of the performance and financial data in this report. Guided by data validation procedures, internal controls, and management reviews across the Agency, I am confident that the information provided is fully complete and reliable in all material aspects.

There are no material weaknesses reported in the FY 2026 Financial Audit. This reflects GSA's responsibility to protect public resources, reinforce accountability, and ensure the Federal Government operates with the speed, efficiency, and discipline Americans deserve.

I am deeply grateful to the dedicated men and women of GSA. It is an honor to serve alongside them. Their work this year demonstrates what is possible when an agency is clear about its mission, confident in its capability, and committed to delivering real value for the American people.

Together, we will continue advancing GSA's role as the engine of the Federal Government—driving excellence in real estate, acquisition, technology, and shared services.

Best regards,



Edward C. Forst
Administrator
U.S. General Services Administration

November 13, 2026

Management's Discussion & Analysis

(Unaudited)



Frank M. Johnson Jr. Federal Building and U.S. Courthouse, Montgomery, AL.

GSA prioritizes outcomes and moves with urgency to drive mission needs and deliver results for the American people.

GSA removes barriers, reduces complexity, and speeds delivery to help agencies act faster and more effectively.

GSA applies modern technology, acquisition strategies, and data to solve real problems.

General Services Administration History

President Harry Truman established the General Services Administration (GSA) in 1949 to streamline the administrative work of the Federal Government. Today, GSA plays a vital role in ensuring that the Federal Government operates efficiently, responsibly, and in alignment with the interests of the American taxpayer.



GSA is the engine of the American Government; driving real estate, acquisition, technology, and shared services.

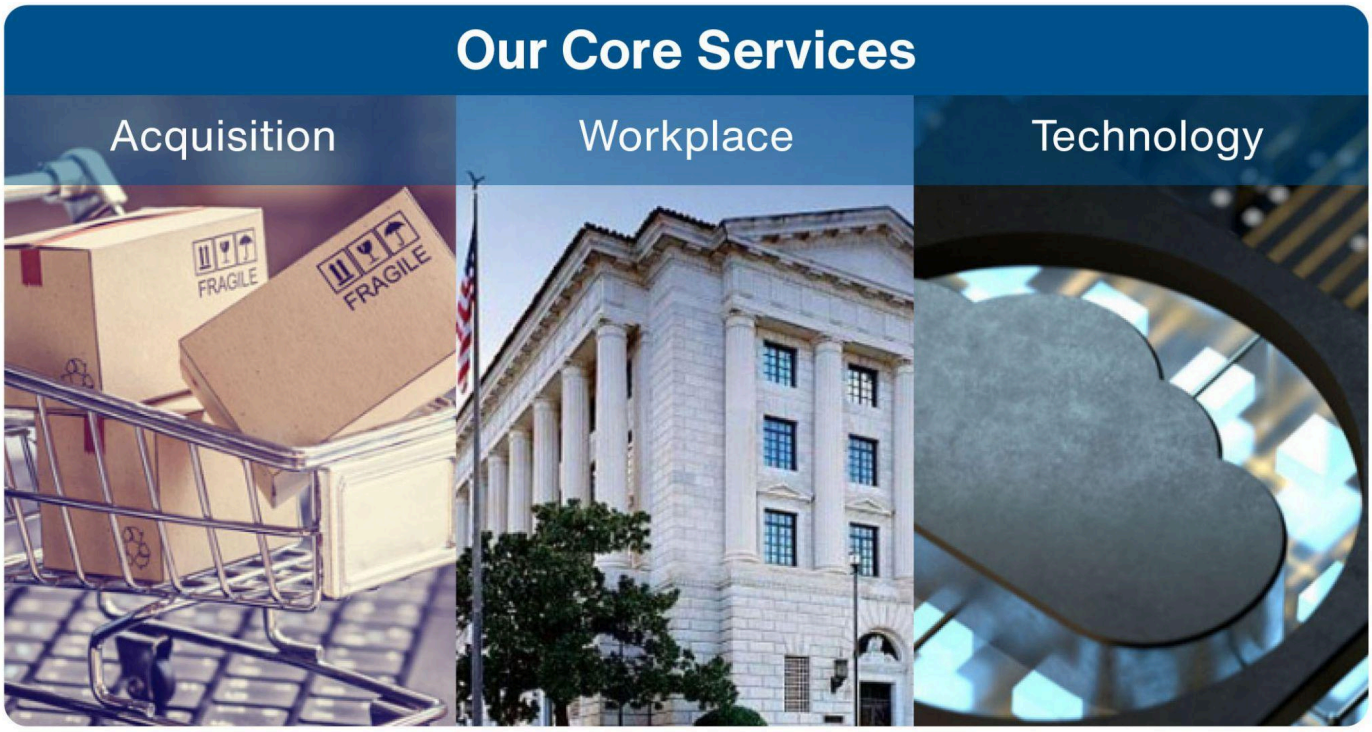
Key Officials

- Ed Forst, GSA Administrator
- Jennifer Hill, FAS Commissioner
- Michael Gelber, Acting PBS Commissioner

A full list of leadership is available on GSA's Website.

GSA is accelerating federal mission delivery for the American people.

GSA powers the Federal Government through real estate, procurement, fleet, technology, and innovation. When we work as one team, we deliver more for every agency we serve, including our own people. Striving to deliver a better GSA experience for our partners in the federal government and our own employees is our goal and the standard. To learn more about GSA, please visit gsa.gov and see GSA's goals under GSA's Annual Performance Plan.



GSA helps government agencies buy and access the products, services, technology, and solutions they need to achieve their missions.

GSA manages one of the nation's largest and most diverse real estate portfolios on behalf of the Federal Government.

GSA delivers and enhances federal technology, driving efficiency, excellence, and dynamic mission delivery across the Federal Government.

FY 2026 was marked by deliberate transformation of GSA's services to the Federal Government, with every significant change directly reflecting GSA's commitment to core values. GSA demonstrates enduring value through dedication to core principles of delivery, acceleration, and innovation. The agency's financial results reflect robust performance and growth in core business lines. This section details how these value-driven initiatives reshaped GSA's assets, liabilities, costs, and revenue streams.

Public Buildings Service (PBS)

As the premier provider of real estate for the Federal Government, PBS designs, acquires, constructs, repairs, leases and disposes of space on behalf of more than 400 federal entities to propel their missions forward. PBS transforms real estate to revitalize agencies' workspaces through innovative and flexible design to drive tomorrow's workplace. PBS manages one of the country's most extensive and varied real estate portfolios, spanning nearly 350 million rentable square feet of space across all 50 States, the District of Columbia, and five Territories, including more than 500 historic buildings. PBS maintains approximately 1,600 owned buildings representing 180 million rentable square feet and approximately 6,300 leased buildings totaling 169 million rentable square feet. These facilities are visited annually by millions of members of the public, including veterans, Medicare and Social Security beneficiaries, small business owners, victims of disasters, plaintiffs and defendants, contractors, and many others. Additionally, these facilities support vital national security, law enforcement and judicial, commerce, and research and development missions.



PBS is accomplishing the President's Management Agenda goal to Optimize Federal Real Estate by disposing of unneeded and underperforming properties to reduce delinquent maintenance costs, investing in federally owned core assets with a strong federal presence, improving building occupancy, and strategically leveraging commercial leases by consolidating space and negotiating rates below market. Reducing delinquent maintenance costs by divesting of properties with high maintenance and repair needs frees up resources to reinvest in innovative, state-of-the-art facilities.

Congress has continued to underfund PBS's Federal Buildings Fund (FBF) by failing to provide PBS the authority to access the rent it collects from federal agencies. Since 2011, GSA has consistently been unable to access the full amount of annual FBF revenues. This chronic underfunding to carry out repairs and alterations and reinvest back into PBS's federally owned portfolio has resulted in an inventory of deteriorating buildings with rapidly escalating liabilities that increasingly do not meet customer agency mission and security requirements. GSA should

have access to the entirety of its annual rent revenues to perform critical work to ensure timely repairs, life-safety improvements, infrastructure upgrades and consistent cyclical reinvestment, thereby preventing the additional accumulation of delinquent maintenance backlogs.

Enhancing the Portfolio

GSA continues to strategically dispose of underutilized properties, reducing the federal footprint and ensuring assets better align with agency mission needs. GSA conducts advanced portfolio analyses to determine customer agencies' needs and identifies opportunities for co-location, consolidation, and disposition. Aligning agencies with space that fits their needs allows GSA to maximize underutilized properties or consider those assets for disposition. Offloading facilities that are no longer needed or financially viable to maintain allows GSA to fortify its high-value federal assets.

As one of the key strategic goals, the revenue generated from dispositions is tracked by the agency as that revenue provides additional capital to invest in mission-critical facilities, subject to the congressional appropriations process. GSA disposed of 15 properties under GSA custody and control in FY 2026. These dispositions were split between 12 standard Property Act disposals and three disposals pursuant to the Federal Assets Sale and Transfer Act (FASTA) The non-FASTA disposals generated $209.4 million in gross sales revenue, while the FASTA properties contributed an additional $246.2 million bringing the gross revenue to $455.6 million for all disposals of GSA property in FY 2026. Furthermore, disposal of these 15 assets enabled the agency to reduce its footprint by 4.5 million square feet and future delinquent maintenance and operating costs by over $984 million.

In addition to properties under GSA custody and control, the agency assisted in the disposition of 70 properties from other agencies, generating $23.4 million. Taken together with the $209.4 million in revenue from the 12 non-FASTA dispositions, these 82 properties generated $232.8 million, exceeding the FY 2026 target of $145.1 million in gross sales revenue from federal-wide disposals.

Key Performance Indicator (KPI) (Desired direction: ↑ = increasing ↓ = decreasing ↔ = fixed target)	Lead Office	FY 2024 Results	FY 2025 Results	FY 2026 Results	FY 2026 Targets	FY 2027 Targets	FY 2028 Targets
Gross sales revenue from federal-wide disposals (in millions) ↑*	**PBS**	$710.00	$45.68	$232.84	$145.10	$266.50	$200.00

*Excludes properties sold under the Federal Assets Sale and Transfer Act (FASTA).

Totaling all GSA controlled, other agency controlled, and FASTA dispositions, GSA disposed of 142 buildings, across 85 properties, reducing the federal footprint by almost five million square feet and generating $479 million in total gross sales revenue. One such disposal is GSA's former regional office building in Washington, DC, pictured on the left. Securing the required funding to prepare buildings for disposal presents an opportunity to boost gross sales revenue from federal-wide property sales. Current congressional limitations on the FBF balance restrict GSA's ability to further exceed this performance metric. Full access to annual funding could benefit the management of all GSA buildings given GSA's reliance on the FBF to operate, maintain, repair, and reinvest in federally owned facilities.



Key Performance Indicator (KPI) (Desired direction: ↑ = increasing ↓ = decreasing ↔ = fixed target)	Lead Office	FY 2024 Results	FY 2025 Results	FY 2026 Results	FY 2026 Targets	FY 2027 Targets	FY 2028 Targets
Capital projects on schedule (Pre-Construction) ↔	**PBS**	N/A	N/A	96%	73%	73%	73%
Capital projects on schedule (Construction) ↔	**PBS**	N/A	N/A	95%	80%	80%	80%

GSA continues to focus on investing in and delivering beautiful, flexible and technology-enabled facilities that fulfill customer mission requirements through repair and alteration projects. To measure this commitment, key performance indicators (KPIs) were created to track Capital Projects on Schedule. GSA surpassed these goals in FY 2026, reaching 96 percent on time for pre-construction against a target of 73 percent and 95 percent on time against a target of 80 percent for construction.



This past year, PBS also completed or advanced major construction projects, including the Department of Health and Human Services-Food and Drug Administration (FDA) Laboratory in Denver, Colorado; the U.S. Courthouse in Huntsville, Alabama; and modernization work at Land Ports of Entry across 11 States. The picture is a rendering of the FDA Laboratory at the Denver Federal Center.

Existing prospectus approval thresholds for construction, repair, and alteration projects no longer align with current market conditions, threatening timely project execution. Because these

financial limits have not kept up with inflation, even minor projects relative to overall capital spending now require prospectus approval. Consequently, projects face scheduling delays, higher overall costs, and potential splitting into separate phases.

To address these challenges, the GSA Administrator secured unanimous support across every cabinet agency to advocate increasing the threshold from $3.9 million to $10 million for new construction, acquisitions, alterations of federally owned buildings, and leases, and $75 million for building emergencies and fire or life safety repairs Raising this threshold lowers administrative burdens and minimizes project delays, while maintaining formal oversight for major capital expenditures.

GSA also strategically leverages its buying power in the commercial real estate market to refine the federal leased portfolio by procuring the best deals and identifying opportunities for consolidations, reductions, co-locations and underutilized space backfills. These efforts have directly resulted in a leaner and more agile leased footprint, providing substantial future cost avoidance for American taxpayers, with more significant reductions to come in future years as the impacts of the USE IT Act (Utilizing Space Efficiently and Improving Technologies Act, P.L. 118-272) materialize.

The Critical Challenge of FBF Access

Over the past 15 years, Congress has redirected more than $15 billion in spending authority from the FBF to other priorities, resulting in over $11 billion of FBF cash balance unavailable for obligation in FY 2026. This continued level of underfunding constrains PBS's capacity to revitalize aging facilities, enhance building performance, and deliver efficient, cost-effective workspaces for federal agency partners.

Access to FBF annual collections remains one of the most significant long-term issues affecting GSA's financial condition. Although GSA collects rent and fees from tenant agencies, the ability to fully utilize those collections is dependent upon annual congressional appropriations. Insufficient funding leads to project delays, a growing repair and alterations maintenance backlog, declining asset condition, greater future recapitalization needs, constraints on rightsizing the portfolio, higher reliance on leased space, and increased financial pressure.

Full access to the annual revenues and collections deposited in the FBF aligns with the original intent of the Fund. It will allow GSA to not only rightsize its portfolio, but also sufficiently invest in rehabilitating, modernizing, and reconfiguring the federal footprint to meet the needs of its customers and the American people.

Federal Acquisition Service (FAS)

FAS empowers Government agencies to acquire the products, services, solutions, and shared services required to achieve their missions. By leveraging the immense scale of the Government's purchasing power, FAS delivers efficiency and substantial savings to both partner agencies and the American public. FAS partners with industry suppliers to develop streamlined acquisition contract vehicles while maintaining rigorous adherence to legislative and policy requirements. Through specialized sector knowledge and data-driven insights, FAS provides up-to-date innovative solutions and offerings.

FAS Financial Highlights

The primary fund FAS utilizes is the Acquisition Services Fund (ASF). Operating on a fee-for-service model, the ASF realized substantial revenue growth in FY 2026. The ASF's revenues were $28 billion in FY 2026, an increase of $2.1 billion, from $25.9 billion in FY 2025. This growth was fueled by increased federal use of GSA's innovative service offerings and shared platforms.

The continued expansion of Assisted Acquisition Services (AAS) remains a primary driver of overall ASF revenue growth. In FY 2026, AAS revenue reached $20.9 billion, a notable increase from the $19.6 billion recorded during FY 2025. This sustained trajectory underscores GSA's capacity to accelerate mission delivery while strategically reinvesting in the technological infrastructure and workforce necessary to support customer agencies.

Furthermore, ASF revenue growth was driven by the Travel, Transportation and Logistics (TTL) portfolio, primarily due to vehicle acquisitions supporting Immigration and Customs Enforcement (ICE) and Customs and Border Protection (CBP) under the One Big Beautiful Bill Act (P.L. 119-21). Additionally, TTL achieved net revenue of $589 million in FY 2026, representing a 34.2 percent increase from the $439 million recorded in FY 2025.

Acquisition Program Savings

GSA continued to deliver acquisition program savings to customer agencies, with the City Pair Program and AAS driving the largest share. GSA achieved these savings by helping agencies leverage government-wide acquisition solutions, negotiate competitive pricing, and utilize specialized procurement support. Additional savings were realized through bank refunds generated by the use of GSA purchase, travel, and fleet cards.

In FY 2026, GSA generated $6.1 billion in savings against its full-year acquisition program savings target of $7.3 billion. Although overall savings remained slightly behind the cumulative annual projection, FAS anticipates an acceleration in cost savings as Q4 reporting is finalized. At the end of the fiscal year, customer agencies typically expand procurement activity and finalize year-end contract actions. Final achievement of the annual target remains subject to customer agency purchasing volume, award execution timelines, the overall product and service mix, and sustained agency utilization of GSA's government-wide acquisition vehicles.

Key Performance Indicator (KPI) (Desired direction: ↑ = increasing ↓ = decreasing ↔ = fixed target)	Lead Office	FY 2024 Results	FY 2025 Results	FY 2026 Results	FY 2026 Targets	FY 2027 Targets	FY 2028 Targets
Acquisition program savings delivered to customers (in billions) ↑	**FAS**	$7.79	$7.11	$6.09*	$7.30	$7.50	TBD

*Preliminary result . Results from FAS's largest programs are reported on a minimum lag of 60 days .

In FY 2027, GSA anticipates expanding acquisition program savings by aligning with revised guidance from the Office of Management and Budget's (OMB) Office of Federal Procurement Policy (OFPP) regarding desktop and laptop standardization, alongside a Multiple Award Schedule (MAS) based acquisition strategy. Through these initiatives, GSA will leverage government-wide purchasing power, advance standardization, and streamline procurement channels for common IT assets, thereby enhancing procurement efficiency and delivering increased value across customer agencies.

Technology Transformation

Within FAS, Technology Transformation Services (TTS) continued to enhance and scale Login.gov, GSA's shared authentication and identity verification platform. In FY 2026, Login.gov continued to scale toward government-wide adoption, providing the American public with one secure sign-in and identity verification solution to access federal digital services. TTS adjusted its cost-recovery model for Login.gov by reducing pricing for partner agencies. Although this strategic pricing adjustment may lead to a temporary decrease in near-term revenue for the program, it supports future cost efficiencies from economies of scale and a reduction in duplicative verification costs in alignment with OMB guidance. GSA evaluates program performance by tracking active user volume on Login.gov, which reached 74 million users in FY 2026.

Key Performance Indicator (KPI) (Desired direction: ↑ = increasing ↓ = decreasing ↔ = fixed target)	Lead Office	FY 2024 Results	FY 2025 Results	FY 2026 Results	FY 2026 Targets	FY 2027 Targets	FY 2028 Targets
Number of active users on Login.gov (in millions) ↑	**TTS**	71.7	76.7	74.0	85.0	89.0	107

*Active users is defined as the number of unique users who sign in on a government website using Login.gov in a given fiscal year.

The FY 2026 performance target was established based on projected annual growth and anticipated integrations with new partner agencies. However, progress was affected by several operational factors. Multiple agency partners experienced lower active user growth than they projected, due to either internal delays during implementation, or budgetary constraints that reduced their deployment capacity and overall growth in usage.

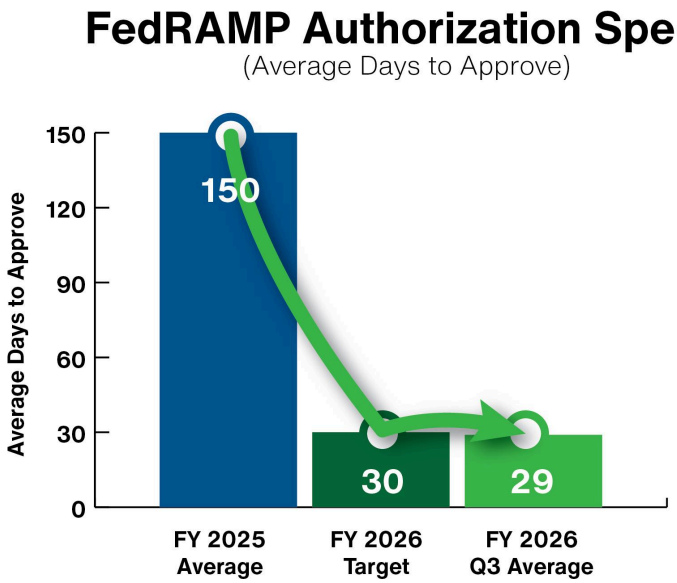
Recent OMB guidance directing agencies to integrate Login.gov across public-facing digital services presents a key opportunity to drive government-wide adoption. Standardizing on Login.gov enables federal agencies to reduce redundant expenditures, strengthen cybersecurity controls, and deliver a seamless and secure identity verification experience. Login.gov remains fully prepared to accommodate expanding onboarding requests as agencies align with these standards.

Federal Risk and Authorization Management Program (FedRAMP)

FedRAMP is a government-wide program that provides a standardized approach to security and risk assessment, authorization, and continuous monitoring for cloud products and services. Through FedRAMP, GSA empowers agencies to accelerate the adoption of modern cloud technologies with an emphasis on security and the protection of federal information. To increase efficiency and reduce duplication, GSA enables agencies to reuse security authorization work. This effort is measured by tracking the average time required to approve FedRAMP Rev 5 or 20x authorizations.

Key Performance Indicator (KPI) (Desired direction: ↑ = increasing ↓ = decreasing ↔ = fixed target)	Lead Office	FY 2024 Results	FY 2025 Results	FY 2026 Results	FY 2026 Targets	FY 2027 Targets	FY 2028 Targets
Average time for FedRAMP to approve Rev 5 or 20x authorizations (days) ↔ **(APG)**	**TTS**	289	150	29	30	30	30

In FY 2026, FedRAMP implemented significant operational enhancements by reducing duplicative reviews and consolidating feedback, thereby minimizing iterative resubmissions between FedRAMP and Cloud Service Providers. FedRAMP also increased the number of technical reviews by requiring CSPs to address applicable updates through annual assessments or monthly continuous monitoring with their agency customers, as appropriate. The average processing time was reduced to 29 days, successfully meeting the annual target of 30 days. This represents a marked improvement over the FY 2025 average of 150 days.



Security controls and guidance require constant re-evaluation and revision to address a rapidly shifting threat environment. Looking ahead to FY 2027, the program anticipates continued demand for new FedRAMP certifications and is proactively taking steps to ensure seamless programmatic support.

Federal Acquisition Regulation Overhaul

GSA is at the forefront of leading innovation through a revolutionary Federal Acquisition Regulation (FAR) Overhaul. This is being led through GSA's Office of Government-wide Policy.



Executive Order 14275 established the policy that the FAR should "contain only provisions that are required by statute or that are otherwise necessary to support simplicity and usability, strengthen the efficacy of the procurement system, or protect economic or national security interests." GSA created three key performance indicators (KPIs) to monitor the success of the overhaul. In FY 2026, GSA achieved:

- An effective competition rate for GSA acquisitions of 76.6 percent, meeting the target of 76 percent. The effective competition rate represents the amount competed dollars that received more than one bid, divided by the obligations in FPDS, subtracting out mandatory obligations. GSA uses this formula for a more accurate representation of the competition rate.
- A procurement administrative lead time (PALT) for CFO Act agencies of 120 days at the end of the fourth quarter against its target of 110 days, after running at 105 to 106 days through the third quarter. The fourth-quarter increase reflects the award of large Indefinite Delivery, Indefinite Quantity contract vehicles and multi-year contracts at year end, which carry the longest solicitation-to-award cycles and are concentrated in the fourth quarter. This indicates agencies are buying goods and services more efficiently without sacrificing competition, a key tenet of federal acquisition.
- 7,158 federal contracts for new market entrants, against the full-year target of 9,438. This performance shortfall was primarily driven by external operational factors, including procurement consolidation initiatives that incentivized customer agencies to leverage established contract vehicles, thereby creating higher entry barriers for new vendors.

Key Performance Indicator (KPI) (Desired direction: ↑ = increasing ↓ = decreasing ↔ = fixed target)	Lead Office	FY 2024 Results	FY 2025 Results	FY 2026 Results	FY 2026 Targets	FY 2027 Targets	FY 2028 Targets
Effective competition rate for GSA acquisitions ↑	OGP	77.0%	74.4%	76.6%	76.0%	77.0%	N/A
Number of federal contracts awarded to new entrants (CFO Act agencies) ↑ (APG)	OGP	11,805	9,893	7,158	9,438	5,500	N/A
Procurement administrative lead time (PALT) for CFO Act agencies (days) ↓ (APG)	OGP	86	106	120	110	106	110

*Please note the FY 2026 results are not finalized until government-wide reporting is completed.

Although GSA has made substantial progress in overhauling the FAR, long-term success remains subject to external dependencies, presenting a key implementation risk. While OGP drafts roughly half of all FAR updates and actively collaborates with FAR Council partners to enhance transparency and streamline clearance processes, final rulemaking and OMB approval ultimately depend on external agency partners and key stakeholders.

Summary & Outlook

In FY 2026, GSA continued to advance its priorities of accelerating delivery by providing transformative real estate that propels agencies' missions, efficient acquisition, innovative technology, and state-of-the-art shared service solutions. GSA's operating results demonstrate the continued demand for its core services and the agency's ability to deliver value to customer agencies and the American public. Key results included continued property disposals that reduced the federal footprint and future maintenance requirements, growth in ASF revenue, significant acquisition program savings for customer agencies, improved FedRAMP authorization processing times, and continued modernization of government-wide digital services such as Login.gov. These results reflect continued demand for GSA's services and the agency's focus on delivering efficient, secure, and cost-effective solutions across the Federal Government.

GSA's financial condition and performance will continue to be influenced by access to FBF resources, customer agency demand, partner implementation timelines, and evolving acquisition priorities. GSA strengthened its control environment in FY 2026, with no material weaknesses identified in management's assessment and corrective actions completed for the prior-year financial reporting weakness. Management will continue to monitor key risks and align resources, performance management, and internal controls to support federal agencies and provide value to the American taxpayer.

Analysis of Systems, Controls and Legal Compliance (Unaudited)

GSA maintains an effective internal control program to safeguard Government resources and ensure the agency efficiently and effectively meets its core mission and achieves its strategic goals. The Risk Management Council, composed of GSA senior leadership and chaired by the Deputy Administrator and the Chief Financial Officer, provides direction and oversight for effective implementation of the agency's internal control program.

While management establishes the goals and objectives around operating environments to ensure regulatory compliance, employees across GSA are responsible for understanding and applying controls specific to their work.

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, and that the head of the agency provide an annual assurance statement regarding compliance and any material weaknesses. In response, GSA implemented processes to hold managers accountable using internal controls and evaluations based on OMB Circular A-123, Management's Responsibility for Internal Control and GAO's Standards of Internal Control in the Federal Government. In FY 2026, GSA conducted annual assessments of internal controls, financial systems, and reporting in accordance with OMB Circular A-123 Appendices A and D and Federal Financial Management Improvement Act of 1996 (FFMIA), determining that all evaluated controls operated effectively and systems were in compliance with no material weaknesses identified. Additionally, GSA successfully resolved the material weakness from FY 2025 regarding the Agency Financial Report by updating standard operating procedures and implementing an internal tool to improve the financial statement and note review process.

To maintain compliance with the Antideficiency Act (ADA)—which prohibits federal agencies from incurring obligations or expending funds in advance or in excess of an appropriation—GSA enforces automated operational controls within its Pegasys financial system. Coupled with rigorous monitoring of OMB apportionments and resource collections, these controls ensure program expenditures remain within authorized limits. In FY 2025, a potential ADA violation occurred at the Technology Modernization Fund allotment level. Although GSA did not exceed the overall funding made available through customer interagency agreements, congressional appropriations, or OMB apportionments, total obligations exceeded the administrative allotment threshold. GSA has since concluded its formal investigations and submitted its findings to OMB for review. Furthermore, GSA has implemented corrective actions to mitigate the risk of future occurrences.

Payment Integrity

Payment integrity throughout the Federal Government aims to reduce improper payments, which are payments made in an incorrect amount or to the wrong recipient. Complying with the Payment Integrity Information Act of 2019 (PIIA), GSA reduces the risk of improper payments through program monitoring, risk assessments, internal control reviews, assurance statements, Do Not Pay matching, incident research of reported improper payments, claims tracking, and

ongoing recovery audits. By selecting the Congressional Reports page under Resources on PaymentAccuracy.gov, detailed information on GSA's payment integrity reporting is available including:

- The Annual Risk Assessment Report required under 31 U.S.C. § 3352(a)(3)(C); and
- The Annual Report on Actions to Recover Improper Payments Identified in a Recovery Audit required as accompanying materials under 31 U.S.C. § 3352(e).

The Office of Inspector General found GSA compliant with PIIA requirements in the most recent audit of FY 2025 payments, with no GSA programs classified as high-risk or high-priority for improper payment reporting. Per OMB Circular A-123, Appendix C, GSA continues to complete risk assessments on an ongoing 3-year cycle. For FY 2026, all three program risk assessments showed low susceptibility to significant improper payments.

Do Not Pay

In compliance with Executive Order 14249, *Protecting America's Bank Account Against Fraud, Waste, and Abuse*, GSA expanded the Do Not Pay data sources used for continuous vendor monitoring, including initial screening during vendor registration. GSA also implemented payment verification checks for all automated disbursement files. Since 2013, GSA has compared its vendor records against Treasury's Do Not Pay listings to prevent payments to unauthorized vendors. Treasury screens GSA's payment schedule daily against the Do Not Pay system. In FY 2026, GSA submitted over $27 billion in payments to Do Not Pay for review, of which 12 payments totaling $78,000 were returned.

Payment Recapture Audit Program

GSA's Rental of Space program meets the OMB Circular A-123, Appendix C, requirement for a payment recapture audit to recover overpayments. Rent payments to lessors sometimes include overpayments due to miscalculations, administrative or system errors, or failure to take the proper rent credits. Utilizing the payment recapture audit, GSA reviews the Rental of Space program annually to detect and recover overpayments, as well as identify opportunities for process improvement.

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.

Assurance Statement

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 control in accordance with OMB Circular No. A-123, Management's Responsibility for Internal Control. Based on the results of the assessment, GSA can provide reasonable assurance that internal controls over operations, reporting, and compliance were operating effectively as of September 30, 2026. The accounting system of GSA conforms to applicable principles, standards, and requirements consistent with the act.

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, the Federal accounting standards promulgated by the Federal Accounting Standards Advisory Board, and the U.S. Standard General Ledger at the transaction level as of September 30, 2026.



Edward C. Forst
Administrator
U.S. General Services Administration
November 13, 2026

Financial Section

Financials



November 13, 2026

TO: EDWARD C. FORST
ADMINISTRATOR (A)

NIMISHA AGARWAL
CHIEF FINANCIAL OFFICER (B)

FROM: ROBERT C. ERICKSON
ACTING INSPECTOR GENERAL (J)

ROBERT ERICKSON
Digitally signed by ROBERT ERICKSON
Date: 2026.11.13 08:14:09 -05'00'

SUBJECT: Independent Auditors' Report
U.S. General Services Administration's
Financial Statements – Fiscal Years 2026 and 2025
November 13, 2026

The Chief Financial Officers Act of 1990 (Pub. L. No. 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, 2026, and 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, respectively.

This memorandum transmits KPMG's *Independent Auditors' Report on the U.S. General Services Administration's Financial Statements – Fiscal Years 2026 and 2025*. The Fiscal Years 2026 and 2025 audits resulted in unmodified opinions 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 2026 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 material weakness or significant deficiencies in internal control over financial reporting;
- 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.

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 of the audit report. Also, on November 13, 2026, 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 audits.

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 November 13, 2026, 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

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 sheets as of September 30, 2026 and 2025, and the related consolidated statements of net cost and changes in net position, and combined statements of budgetary resources for the years 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 sheets as of September 30, 2026 and 2025, and the related statements of net cost, changes in net position, and budgetary resources for the years 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 sheets as of September 30, 2026 and 2025, and the related statements of net cost, changes in net position, and budgetary resources for the years 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, 2026 and 2025, and its net cost, changes in net position, and budgetary resources for the years 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, 2026 and 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, 2026 and 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.

KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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 2026 *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 2026 *Agency Financial Report*. The other information comprises the GSA Websites, Table of Contents, Brief Overview of the Agency Financial Report, Letter from the 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, 2026, 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*.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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, 2026 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.

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
November 13, 2026

Consolidated Financial Statements

Consolidated Balance Sheets

As of September 30, 2026 and September 30, 2025

(Dollars in Millions)

Assets	2026	2025
Intragovernmental Assets		
Fund Balance with Treasury (Notes 1-D, 2)	**$26,681**	$25,429
Accounts Receivable, Net (Note 4)	**8,377**	7,427
Advances and Prepayments	**58**	46
Other Assets (Note 5)	**8**	10
Total Intragovernmental Assets	**35,124**	32,912
Other Than Intragovernmental Assets		
Accounts Receivable, Net (Note 4)	**182**	167
Inventory and Related Property, Net	**5**	1
General PP&E and Right-to-Use Assets, Net (Notes 1-E, 6)	**50,691**	53,298
Other Assets (Note 5)	**68**	155
Total Other Than Intragovernmental Assets	**50,946**	53,621
Total Assets	**86,070**	86,533
Land and Heritage Assets (Note 6-F)		
Liabilities		
Intragovernmental Liabilities		
Accounts Payable	**19**	27
Advances From Others and Deferred Revenue	**17**	12
Other Liabilities (Note 9)	**1,039**	1,051
Total Intragovernmental Liabilities	**1,075**	1,090
Other Than Intragovernmental Liabilities		
Accounts Payable	**8,157**	7,366
Federal Employee Salary, Leave, and Benefits Payable (Note 15)	**142**	236
Pension and Post-Employment Benefits Payable (Notes 7, 15)	**87**	96
Environmental and Disposal Liabilities (Notes 6, 10-A)	**2,021**	1,993
Advances From Others and Deferred Revenue	**33**	8
Other Liabilities:		
Lease Liabilities	**25,712**	26,319
Other Liabilities (Note 9)	**741**	836
Total Other Than Intragovernmental Liabilities	**36,893**	36,854
Total Liabilities (Note 11)	**37,968**	37,944
Commitments and Contingencies (Notes 13-B, 10)		
Net Position		
Unexpended Appropriations		
Funds From Other Than Dedicated Collections	**5,313**	5,760
Total Unexpended Appropriations (Consolidated)	**5,313**	5,760
Cumulative Results of Operations		
Funds From Dedicated Collections (Notes 14, 20)	**681**	492
Funds From Other Than Dedicated Collections (Note 14)	**42,108**	42,337
Total Cumulative Results of Operations (Consolidated)	**42,789**	42,829
Total Net Position	**48,102**	48,589
Total Liabilities and Net Position	**$86,070**	$86,533

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Net Cost

For the Fiscal Years ended September 30, 2026 and September 30, 2025
(Dollars in Millions)

Major Business Area	Category	2026	2025
Manage Building Operations	Earned Revenues	**$12,253**	$12,159
	Less: Operating Expenses	**12,023**	12,689
	Net Revenues from (Cost of) Operations	**230**	(530)
Provide Acquisition Services	Earned Revenues	**27,959**	25,876
	Less: Operating Expenses	**27,149**	25,366
	Net Revenues from (Cost of) Operations	**810**	510
Working Capital and General Funds	Earned Revenues	**52**	78
	Less: Operating Expenses	**314**	502
	Net Revenues from (Cost of) Operations	**(262)**	(424)
GSA Consolidated Net Results	Earned Revenues	**40,264**	38,113
	Less: Operating Expenses	**39,486**	38,557
	Net Revenues from (Cost of) Operations	**$778**	$(444)

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Changes in Net Position

For the Fiscal Years ended September 30, 2026 and September 30, 2025
(Dollars in Millions)

	2026	2025
Beginning Balance of Net Position		
Unexpended Appropriations	**$5,760**	$7,933
Cumulative Results of Operations	**42,829**	41,869
Adjustments - Change in Accounting Principles	**(1,927)**	—
Cumulative Results of Operations, as adjusted	**40,902**	41,869
Net Position Beginning Balance	**46,662**	49,802
Changes in Unexpended Appropriations		
Appropriations Received	**443**	312
Appropriations Used	**(826)**	(873)
Appropriations Adjustments and Transfers (To) From Other Agencies or Funds	**(64)**	(1,612)
Net Change in Unexpended Appropriations	**(447)**	(2,173)
Results of Operations		
Net Revenues From (Cost of) Operations	**778**	(444)
Appropriations Used (Note 1-C)	**826**	873
Non-Exchange Revenue (Notes 1-C, 1-D)	**235**	200
Imputed Financing Provided By Others	**147**	263
Transfers of Financing Sources (To) From the U.S. Treasury	**(30)**	(45)
Transfers of Net Assets and Liabilities (To) From Other Federal Agencies	**(63)**	116
Other	**(6)**	(3)
Net Change in Cumulative Results of Operations	**1,887**	960
Ending Balance of Net Position		
Unexpended Appropriations	**5,313**	5,760
Cumulative Results of Operations	**42,789**	42,829
Net Position Ending Balance	**$48,102**	$48,589

The accompanying notes are an integral part of these financial statements.

Combined Statements of Budgetary Resources

For the Fiscal Years ended September 30, 2026 and September 30, 2025
(Dollars in Millions)

	2026	2025
Budgetary Resources		
Unobligated Balance from Prior Year Budget Authority, Net (Note 13)	**$16,198**	$19,258
Appropriations	**444**	(1,183)
Spending Authority from Offsetting Collections	**45,615**	37,755
Total Budgetary Resources	**62,257**	55,830
Status of Budgetary Resources		
New Obligations and Upward Adjustments	**47,608**	41,896
Unobligated Balance, End of Period		
Apportioned, Unexpired Accounts	**11,594**	11,859
Unapportioned, Unexpired Accounts	**2,976**	2,028
Unexpired Unobligated Balance, End of Period	**14,570**	13,887
Expired Unobligated balance, End of Period	**79**	47
Unobligated Balance, End of Period, Total	**14,649**	13,934
Total Status of Budgetary Resources	**62,257**	55,830
Outlays, Net		
Net Outlays (Receipts) from Operating Activity	**(727)**	(169)
Distributed Offsetting Receipts	**(228)**	(207)
Total Net Agency Outlays (Receipts)	**$(955)**	$(376)

The accompanying notes are an integral part of these financial statements.

Schedule 1

Consolidating Balance Sheets

As of September 30, 2026 and September 30, 2025

(Dollars in Millions)

Assets	2026 FBF	2025 FBF	2026 ASF	2025 ASF	2026 Other Funds	2025 Other Funds	2026 Less: Intra-GSA Eliminations	2025 Less: Intra-GSA Eliminations	2026 GSA Consolidated	2025 GSA Consolidated
Intragovernmental Assets										
Fund Balance with Treasury (Notes 1-D, 2)	**$22,312**	$21,557	**$2,357**	$2,314	**$2,012**	$1,558	**$—**	$—	**$26,681**	$25,429
Accounts Receivable, Net (Note 4)	**343**	309	**7,929**	6,957	**130**	256	**(25)**	(95)	**8,377**	7,427
Advances and Prepayments	**15**	20	**—**	—	**43**	26	**—**	—	**58**	46
Other Assets (Note 5)	**8**	10	**—**	—	**—**	—	**—**	—	**8**	10
Total Intragovernmental Assets	**22,678**	21,896	**10,286**	9,271	**2,185**	1,840	**(25)**	(95)	**35,124**	32,912
Other Than Intragovernmental Assets										
Accounts Receivable, Net (Note 4)	**9**	4	**167**	162	**6**	1	**—**	—	**182**	167
Inventory and Related Property, Net	**5**	1	**—**	—	**—**	—	**—**	—	**5**	1
General PP&E and Right-to-Use Assets, Net (Notes 1-E, 6)	**44,559**	47,717	**6,114**	5,564	**18**	17	**—**	—	**50,691**	53,298
Other Assets (Note 5)	**28**	128	**39**	27	**1**	—	**—**	—	**68**	155
Total Other Than Intragovernmental Assets	**44,601**	47,850	**6,320**	5,753	**25**	18	**—**	—	**50,946**	53,621
Total Assets	**$67,279**	$69,746	**$16,606**	$15,024	**$2,210**	$1,858	**$(25)**	$(95)	**$86,070**	$86,533
Land and Heritage Assets (Note 6-F)										

The accompanying notes are an integral part of these financial statements.

Schedule 1

Consolidating Balance Sheets (continued)

As of September 30, 2026 and September 30, 2025

(Dollars in Millions)

Liabilities	2026 FBF	2025 FBF	2026 ASF	2025 ASF	2026 Other Funds	2025 Other Funds	2026 Less: Intra-GSA Eliminations	2025 Less: Intra-GSA Eliminations	2026 GSA Consolidated	2025 GSA Consolidated
Intragovernmental Liabilities										
Accounts Payable	**$1**	$31	**$20**	$48	**$19**	$35	**$(21)**	$(87)	**$19**	$27
Advances From Others and Deferred Revenue	**5**	—	**—**	—	**12**	12	**—**	—	**17**	12
Other Liabilities (Note 9)	**974**	1,001	**38**	27	**31**	31	**(4)**	(8)	**1,039**	1,051
Total Intragovernmental Liabilities	**980**	1,032	**58**	75	**62**	78	**(25)**	(95)	**1,075**	1,090
Other Than Intragovernmental Liabilities										
Accounts Payable	**942**	930	**7,196**	6,421	**19**	15	**—**	—	**8,157**	7,366
Federal Employee Salary, Leave, and Benefits Payable (Note 15)	**51**	91	**53**	80	**38**	65	**—**	—	**142**	236
Pension and Post-Employment Benefits Payable (Notes 7, 15)	**48**	50	**14**	17	**25**	29	**—**	—	**87**	96
Environmental and Disposal Liabilities (Notes 6, 10-A)	**2,019**	1,991	**—**	—	**2**	2	**—**	—	**2,021**	1,993
Advances From Others and Deferred Revenue	**32**	7	**1**	1	**—**	—	**—**	—	**33**	8
Other Liabilities:										
Lease Liabilities	**25,712**	26,319	**—**	—	**—**	—	**—**	—	**25,712**	26,319
Other Liabilities (Note 9)	**726**	784	**7**	8	**8**	44	**—**	—	**741**	836
Total Other Than Intragovernmental Liabilities	**29,530**	30,172	**7,271**	6,527	**92**	155	**—**	—	**36,893**	36,854
Total Liabilities (Note 11)	**$30,510**	$31,204	**$7,329**	$6,602	**$154**	$233	**$(25)**	$(95)	**$37,968**	$37,944
Commitments and Contingencies (Notes 13-B, 10)										

The accompanying notes are an integral part of these financial statements.

Schedule 1

Consolidating Balance Sheets (continued)

As of September 30, 2026 and September 30, 2025

(Dollars in Millions)

Net Position	**2026 FBF**	2025 FBF	**2026 ASF**	2025 ASF	**2026 Other Funds**	2025 Other Funds	**2026 Less: Intra-GSA Eliminations**	2025 Less: Intra-GSA Eliminations	**2026 GSA Consolidated**	2025 GSA Consolidated
Unexpended Appropriations										
Funds From Other Than Dedicated Collections	**$4,288**	$4,875	**$67**	$93	**$958**	$792	**$—**	$—	**$5,313**	$5,760
Total Unexpended Appropriations (Consolidated)	**4,288**	4,875	**67**	93	**958**	792	**—**	—	**5,313**	5,760
Cumulative Results of Operations										
Funds From Dedicated Collections (Notes 14, 20)	**—**	—	**—**	—	**681**	489	**—**	3	**681**	492
Funds From Other Than Dedicated Collections (Note 14)	**32,481**	33,667	**9,210**	8,329	**417**	344	**—**	(3)	**42,108**	42,337
Total Cumulative Results of Operations (Consolidated)	**32,481**	33,667	**9,210**	8,329	**1,098**	833	**—**	—	**42,789**	42,829
Total Net Position	**36,769**	38,542	**9,277**	8,422	**2,056**	1,625	**—**	—	**48,102**	48,589
Total Liabilities and Net Position	**$67,279**	$69,746	**$16,606**	$15,024	**$2,210**	$1,858	**$(25)**	$(95)	**$86,070**	$86,533

The accompanying notes are an integral part of these financial statements.

Schedule 2

Consolidating Statements of Net Cost

For the Fiscal Years ended September 30, 2026 and September 30, 2025

(Dollars in Millions)

Major Business Area	2026 Revenues	2026 Expenses	2026 Net Revenues from (Cost of) Operations	2025 Revenues	2025 Expenses	2025 Net Revenues from (Cost of) Operations
Manage Building Operations						
Building Operations - Government Owned	**$5,609**	**$4,870**	**$739**	$5,537	$5,352	$185
Building Operations - Leased	**6,667**	**7,194**	**(527)**	6,661	7,407	(746)
Subtotal	**12,276**	**12,064**	**212**	12,198	12,759	(561)
Provide Acquisition Services						
General Supplies and Services	**1,515**	**1,427**	**88**	1,954	1,929	25
Travel, Transportation, and Logistics	**4,052**	**3,463**	**589**	3,357	2,918	439
Information Technology	**661**	**512**	**149**	772	708	64
Assisted Acquisition Services	**20,898**	**20,785**	**113**	19,593	19,466	127
Professional Services and Human Capital	**110**	**118**	**(8)**	136	160	(24)
Centralized Acquisition Services	**664**	**742**	**(78)**	45	54	(9)
Other Programs	**182**	**240**	**(58)**	205	343	(138)
Subtotal	**28,082**	**27,287**	**795**	26,062	25,578	484
Working Capital and General Funds						
Working Capital Fund	**672**	**659**	**13**	885	881	4
Other General Funds	**42**	**322**	**(280)**	64	499	(435)
Subtotal	**714**	**981**	**(267)**	949	1,380	(431)
Intra-GSA Eliminations						
Less: Intra-GSA Eliminations	**808**	**846**	**(38)**	1,096	1,160	(64)
GSA Consolidated Totals	**$40,264**	**$39,486**	**$778**	$38,113	$38,557	$(444)

The accompanying notes are an integral part of these financial statements.

Schedule 3

Consolidating Statements of Changes in Net Position

For the Fiscal Years ended September 30, 2026 and September 30, 2025

(Dollars in Millions)

Fund and Fiscal Year	2026 FBF	2025 FBF	2026 ASF	2025 ASF	2026 Other Funds	2025 Other Funds	2026 Less: Intra-GSA Eliminations	2025 Less: Intra-GSA Eliminations	2026 GSA Consolidated	2025 GSA Consolidated
Beginning Balance of Net Position										
Unexpended Appropriations	**$4,875**	$6,909	**$93**	$86	**$792**	$938	**$—**	$—	**$5,760**	$7,933
Cumulative Results of Operations	**33,667**	33,483	**8,329**	7,721	**833**	665	**—**	—	**42,829**	41,869
Adjustments - Change in Accounting Principles	**(1,927)**	—	**—**	—	**—**	—	**—**	—	**(1,927)**	—
Cumulative Results of Operations, as adjusted	**31,740**	33,483	**8,329**	7,721	**833**	665	**—**	—	**40,902**	41,869
Net Position Beginning Balance	**36,615**	40,392	**8,422**	7,807	**1,625**	1,603	**—**	—	**46,662**	49,802
Changes in Unexpended Appropriations										
Appropriations Received	**23**	—	**—**	—	**420**	312	**—**	—	**443**	312
Appropriations Used	**(565)**	(504)	**(26)**	(20)	**(235)**	(349)	**—**	—	**(826)**	(873)
Appropriations Adjustments and Transfers (To) From Other Agencies or Funds	**(45)**	(1,530)	**—**	27	**(19)**	(109)	**—**	—	**(64)**	(1,612)
Net Change in Unexpended Appropriations	**(587)**	(2,034)	**(26)**	7	**166**	(146)	**—**	—	**(447)**	(2,173)
Results of Operations										
Net Revenues From (Cost of) Operations	**212**	(561)	**795**	484	**(267)**	(431)	**(38)**	(64)	**778**	(444)
Appropriations Used (Note 1-C)	**565**	504	**26**	20	**235**	349	**—**	—	**826**	873
Non-Exchange Revenue (Notes 1-C, 1-D)	**—**	5	**—**	—	**235**	195	**—**	—	**235**	200
Imputed Financing Provided By Others	**73**	127	**65**	102	**47**	98	**38**	64	**147**	263
Transfers of Financing Sources (To) From the U.S. Treasury	**—**	—	**—**	—	**(30)**	(45)	**—**	—	**(30)**	(45)
Transfers of Net Assets and Liabilities (To) From Other Federal Agencies	**(109)**	109	**(5)**	1	**51**	6	**—**	—	**(63)**	116
Other	**—**	—	**—**	1	**(6)**	(4)	**—**	—	**(6)**	(3)
Net Change in Cumulative Results of Operations	**741**	184	**881**	608	**265**	168	**—**	—	**1,887**	960
Ending Balance of Net Position										
Unexpended Appropriations	**4,288**	4,875	**67**	93	**958**	792	**—**	—	**5,313**	5,760
Cumulative Results of Operations	**32,481**	33,667	**9,210**	8,329	**1,098**	833	**—**	—	**42,789**	42,829
Net Position Ending Balance	**$36,769**	$38,542	**$9,277**	$8,422	**$2,056**	$1,625	**$—**	$—	**$48,102**	$48,589

The accompanying notes are an integral part of these financial statements.

Schedule 4

Combining Statements of Budgetary Resources

For the Fiscal Years ended September 30, 2026 and September 30, 2025

(Dollars in Millions)

Fund and Fiscal Year	2026 FBF	2025 FBF	2026 ASF	2025 ASF	2026 Other Funds	2025 Other Funds	2026 GSA Combined	2025 GSA Combined
Budgetary Resources								
Unobligated Balance from Prior Year Budget Authority, Net (Note 13)	**$9,342**	$12,761	**$5,970**	$5,755	**$886**	$742	**$16,198**	$19,258
Appropriations	**(3)**	(1,530)	**—**	—	**447**	347	**444**	(1,183)
Spending Authority from Offsetting Collections	**13,372**	10,338	**31,406**	26,385	**837**	1,032	**45,615**	37,755
Total Budgetary Resources	**22,711**	21,569	**37,376**	32,140	**2,170**	2,121	**62,257**	55,830
Status of Budgetary Resources								
New Obligations and Upward Adjustments	**12,909**	12,379	**33,593**	28,275	**1,106**	1,242	**47,608**	41,896
Unobligated Balance, End of Period								
Apportioned, Unexpired Accounts	**7,711**	9,159	**3,402**	2,260	**481**	440	**11,594**	11,859
Unapportioned, Unexpired Accounts	**2,091**	31	**381**	1,605	**504**	392	**2,976**	2,028
Unexpired Unobligated Balance, End of Period	**9,802**	9,190	**3,783**	3,865	**985**	832	**14,570**	13,887
Expired Unobligated Balance, End of Period	**—**	—	**—**	—	**79**	47	**79**	47
Unobligated Balance, End of Period, Total	**9,802**	9,190	**3,783**	3,865	**1,064**	879	**14,649**	13,934
Total Status of Budgetary Resources	**22,711**	21,569	**37,376**	32,140	**2,170**	2,121	**62,257**	55,830
Outlays, Net								
Net Outlays (Receipts) from Operating Activity	**(776)**	(345)	**(50)**	(165)	**99**	341	**(727)**	(169)
Distributed Offsetting Receipts	**—**	—	**—**	—	**(228)**	(207)	**(228)**	(207)
Total Net Agency Outlays (Receipts)	**$(776)**	$(345)	**$(50)**	$(165)	**$(129)**	$134	**$(955)**	$(376)

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

(For the Fiscal Years Ended September 30, 2026 and September 30, 2025)

The U.S. 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. Reporting Entity and Summary of Significant Accounting Policies

A. Reporting Entity

GSA presents comparative 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 only available as provided in annual appropriation acts 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
- Office of Inspector General
- Office of Inspector General – No-Year
- Operating Expenses, GSA
- Pre-election Presidential Transition
- 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, to fund 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 sheets present the financial position of GSA using a format segregating intragovernmental balances. The consolidated statements of net cost present the operating results of the FBF, ASF, and Other Fund functions, as well as GSA consolidated operating results as a whole. The consolidated statements of changes in net position display the changes in cumulative results of operations and unexpended appropriations. The combined

statements of budgetary resources (CSBR) present 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 sheets, consolidated statements of net cost, and consolidated statements 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 these statements, 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 beneficiary, 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's 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 require 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 Statements of Net Cost are generated from intragovernmental sales of goods and services, with only 3 percent of revenues earned from non-federal customers as of September 30, 2026, and September 30, 2025. In FY 2026 and 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 GSA's provision of space and services to federal customers as well as a small percentage from outlease agreements with non-federal customers. 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. Additionally, FBF earned $178 million in net non-federal revenue from gains on sale of real property, constituting 1.4 percent of FBF revenues in FY 2026, and $9 million in gains on sale of property, constituting less than 1 percent of FBF revenues in FY 2025.

Net proceeds of $207M from the sale of a FASTA high-value asset is recorded as non-exchange revenue in GSA's Other Funds, Asset Proceeds and Space Management Fund.

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 $460 million in fees, constituting 2 percent of ASF revenues in FY 2026, and $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 Treasury (See Note 2)

This total represents all unexpended balances for GSA accounts with the U.S. Treasury. Fund authorities restrict the use of certain collections to specific purposes.

For example, 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 Statements 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 of 2005 (Public Law No. 108-447), 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, in accordance with 54 U.S.C. § 200302, 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)

Generally, property and equipment purchases of $100,000 or more with a useful life of two or more years are capitalized and recorded at cost, excluding internal-use software and vehicles acquired through the FAS fleet leasing program. 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

Occupancy Agreement (OA) term. It is GSA's 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.

GSA is subject to significant statutory restrictions on the use and disposal of its assets, including but not limited to: the instructions and procedures for the utilization and disposal of excess and surplus real and personal property under the provisions of Public Law 107-217 (40 U.S.C. § 101 and 501, et seq.), *Public Buildings, Property, and Works,* the Surplus Property Act of 1944, as amended (1944 Act), and the *Federal Management Regulation* (41 CFR § 102), which implements Public Law 107-217.

Right-to-Use (RTU) 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. RTU 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.

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's FAS leasing program 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.

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. Leave, Pensions, Other Retirement Benefits, and Other Postemployment Benefits

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.

The economic assumptions used to calculate the FY 2026 cost factors under SFFAS 33: *Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates* are based on a 10-year historical average.

G. Recently Adopted Accounting Standards

Effective in FY 2026, GSA adopted SFFAS 59, *Accounting and Reporting on Government Land*, which requires land acquisitions to be recognized as expenses on the Statement of Net Cost in the period acquired, and land balances previously capitalized as General Property, Plant, and Equipment (PP&E) to be removed from the Balance Sheet. GSA recognized the cumulative effect of this change in accounting principle as a $1.9 billion decrease to beginning net position on the FY 2026 Statement of Changes in Net Position. Relevant information on GSA's land holdings moved from Required Supplementary Information to Note 6, General PP&E and Right-to-Use Lease Assets.

GSA also implemented SFFAS 64, *Management's Discussion and Analysis, Rescinding and Replacing SFFAS 15*. The results of this implementation can be found in the revised Management Discussion and Analysis section of the AFR.

H. Changes in Presentation

In accordance with the FY 2026 OMB Circular A-136, GSA presents its financial statements and accompanying notes on a comparative basis.

2. Fund Balance with Treasury

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

As of September 30, 2026, and 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, 2026, and September 30, 2025, is

the result of Uncollected Customer Payments of $22.2 billion and $19.9 billion, respectively, exceeding Unpaid Obligations of $20.8 billion and $18.4 billion, respectively.

2A. Fund Balance with Treasury

(Dollars in Millions)

2026	**FBF**	**ASF**	**Other Funds**	**GSA Consolidated**
Obligated Balance, Not Yet Disbursed	**$865**	**$(1,426)**	**$309**	**$(252)**
Unobligated Balance, Available	**7,684**	**3,402**	**481**	**11,567**
Unobligated Balance, Unavailable	**13,763**	**381**	**583**	**14,727**
Non-Budgetary FBwT	**—**	**—**	**639**	**639**
Total FBwT	**$22,312**	**$2,357**	**$2,012**	**$26,681**

2025	FBF	ASF	Other Funds	GSA Consolidated
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
Total FBwT	$21,557	$2,314	$1,558	$25,429

B. Availability of Funds

Portions of GSA's FBwT may be restricted or unavailable for immediate use by the agency. Those limitations include, but are not limited to:

- The September 30, 2026, FBF unavailable balance of $13.8 billion, a portion of which cannot be spent until authorized in accordance with annual appropriations acts. Such amounts totaled $11.7 billion and $11 billion on September 30, 2026, and September 30, 2025, respectively.
- A portion of GSA's 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 $87 million and $47 million on September 30, 2026, and September 30, 2025, respectively.
- Dedicated collections from Special Receipt Funds that may be transferred to either the U.S. Treasury or the Land and Water Conservation Fund (see Note 1-D).

Each fiscal year, GSA returns unused funds from expired appropriations set to cancel at the end of the fiscal year to the U.S. Treasury. As of September 30, 2026, and September 30, 2025, $9 million and $4 million, respectively, of unused funds from cancelling 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.

Occasionally, previously appropriated funds are rescinded through legislation. In FY 2026 and FY 2025, $44 million and $1.5 billion, respectively, of FBF Inflation Reduction Act funding was

rescinded. Also in FY 2026, an additional $8 million of Presidential Transition funding was rescinded. These balances are also excluded from the amount reported as FBwT in accordance with U.S. Treasury guidelines.

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 GSA. GSA is also required to return any excess proceeds related to the Personal Property Sales program to the U.S. Treasury annually. The ASF returned $8 million and $2 million in FY 2026 and FY 2025, respectively, to the U.S. Treasury in accordance with the approved cost and capital plan to meet program needs.

3. Non-entity Assets

As of September 30, 2026 and September 30, 2025, certain amounts reported on the Consolidated Balance Sheets 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). As of September 30, 2026, non-entity asset balances included Fund Balance with Treasury of $19 million and Non-Federal Accounts Receivable, net of $6 million. In comparison, the Fund Balance with Treasury as of September 30, 2025 was $54 million.

4. Accounts Receivable, Net

Substantially all accounts receivable are from other federal agencies, with only 2.1 percent and 2.2 percent due from non-federal customers as of September 30, 2026 and September 30, 2025, respectively. Unbilled accounts receivable result from the delivery of goods or performance of services for which bills have not yet been rendered. Additionally, a portion of the Technology Modernization Fund (TMF) transfers to other federal agencies are recorded as accounts receivable. 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, 2026 and September 30, 2025, is as follows:

4. Accounts Receivable

(Dollars in Millions)

2026	FBF	ASF	Other Funds	Less: Intra-GSA Eliminations	GSA Consolidated
Intragovernmental					
Accounts Receivable - Billed	$132	$284	$10	$-	$426
Accounts Receivable - Unbilled	223	7,659	120	(25)	7,977
Allowance for Doubtful Accounts	(12)	(14)	—	—	(26)
Intragovernmental Accounts Receivable, Net	**343**	**7,929**	**130**	**(25)**	**8,377**
Other Than Intragovernmental					
Accounts Receivable - Billed	13	22	8	—	43
Accounts Receivable - Unbilled	—	152	—	—	152
Allowance for Doubtful Accounts	(4)	(7)	(2)	—	(13)
Other Than Intragovernmental Accounts Receivable, Net	**9**	**167**	**6**	**—**	**182**
Total Accounts Receivable, Net	**$352**	**$8,096**	**$136**	**$(25)**	**$8,559**

2025	FBF	ASF	Other Funds	Less: Intra-GSA Eliminations	GSA Consolidated
Intragovernmental					
Accounts Receivable - Billed	$124	$173	$6	$-	$303
Accounts Receivable - Unbilled	198	6,793	250	(95)	7,146
Allowance for Doubtful Accounts	(13)	(9)	—	—	(22)
Intragovernmental Accounts Receivable, Net	309	6,957	256	(95)	7,427
Other Than Intragovernmental					
Accounts Receivable - Billed	7	27	3	—	37
Accounts Receivable - Unbilled	—	143	—	—	143
Allowance for Doubtful Accounts	(3)	(8)	(2)	—	(13)
Other Than Intragovernmental Accounts Receivable, Net	4	162	1	—	167
Total Accounts Receivable, Net	$313	$7,119	$257	$(95)	$7,594

5. Other Assets

As of September 30, 2026 and September 30, 2025, Other Assets consisted of the following balances:

5. Other Assets
(Dollars in Millions)

2026	FBF	ASF	Other Funds	GSA Consolidated
Intragovernmental				
Miscellaneous	$8	—	—	$8
Total Other Assets - Intragovernmental	**8**	**—**	**—**	**8**
Other than Intragovernmental				
Surplus Property Held for Sale	12	39	1	52
Miscellaneous	2	—	—	2
RTU Lease Receivable	14	—	—	14
Total Other Assets - Other Than Intragovernmental	**28**	**39**	**1**	**68**
Total Other Assets	**$36**	**$39**	**$1**	**$76**

2025	FBF	ASF	Other Funds	GSA Consolidated
Intragovernmental				
Miscellaneous	$10	—	—	$10
Total Other Assets - Intragovernmental	10	—	—	10
Other than Intragovernmental				
Surplus Property Held for Sale	35	27	—	62
Miscellaneous	2	—	—	2
RTU Lease Receivable	91	—	—	91
Total Other Assets - Other Than Intragovernmental	128	27	—	155
Total Other Assets	$138	$27	$—	$165

For additional details, refer to Note 8 for lease receivable assets and Note 6 for PP&E.

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

A. Summary of Balances

Balances in GSA Property and Equipment and RTU Lease accounts as of September 30, 2026 and September 30, 2025 are summarized below:

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

2026	Cost	Less: Accumulated Depreciation and Amortization	Net Book Value
Buildings			
FBF	$59,268	$41,120	$18,148
Leasehold Improvements			
FBF	125	122	3
ASF	11	9	2
Other Funds	4	4	—
Total Leasehold Improvements	**140**	**135**	**5**
Motor Vehicles			
ASF	9,096	3,006	6,090
Construction in Process			
FBF	2,261	—	2,261
ASF	2	—	2
Other Funds	6	—	6
Total Construction in Process	**2,269**	**—**	**2,269**
Other Equipment			
FBF	110	91	19
ASF	88	68	20
Other Funds	74	62	12
Total Other Equipment	**272**	**221**	**51**
RTU Lease Asset			
FBF	33,779	9,651	24,128
Total Property and Equipment	**$104,824**	**$54,133**	**$50,691**

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

2025	Cost	Less: Accumulated Depreciation and Amortization	Net Book Value
Buildings			
FBF	$58,590	$39,618	$18,972
Leasehold Improvements			
FBF	132	129	3
ASF	12	10	2
Other Funds	4	4	—
Total Leasehold Improvements	148	143	5
Motor Vehicles			
ASF	8,536	3,009	5,527
Land			
FBF	1,878	—	1,878
Construction in Process			
FBF	1,794	—	1,794
ASF	2	—	2
Other Funds	3	—	3
Total Construction in Process	1,799	—	1,799
Other Equipment			
FBF	107	86	21
ASF	93	61	32
Other Funds	69	55	14
Total Other Equipment	269	202	67
RTU Lease Asset			
FBF	31,300	6,250	25,050
Total Property and Equipment	$102,520	$49,222	$53,298

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

2026	FBF	ASF	Other Funds	GSA Consolidated
Net Book Value - Beginning	$47,717	$5,564	$17	$53,298
Effects of Implementation of SFFAS 59	(1,904)	—	—	(1,904)
Net Book Value - Beginning, Adjusted	**45,813**	**5,564**	**17**	**51,394**
Capitalized Acquisitions	1,493	1,628	8	3,129
RTU Lease Assets CY Activity	2,643	—	—	2,643
CY Amortization of RTU Lease Assets	(3,565)	—	—	(3,565)
Disposals	(39)	(296)	—	(335)
Depreciation Expense	(1,786)	(782)	(7)	(2,575)
Net Book Value - Ending	**$44,559**	**$6,114**	**$18**	**$50,691**

2025	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)
Net Book Value - Ending	$47,717	$5,564	$17	$53,298

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 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 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 (CERCLA), the Toxic Substances Control Act, and the Resource Conservation and Recovery Act. Various state and local laws and regulations are also applicable.

FBF recognized approximately $2.0 billion as of September 30, 2026 and $1.99 billion as of September 30, 2025 for environmental and disposal liabilities as reflected in Table 6B below. 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)

Fiscal Year	2026	2025
Environmental Liabilities: External Releases to the Environment	$93	$91
Asbestos Liabilities	1,513	1,507
Non-Asbestos Liabilities	413	393
Total Environmental and Disposal Liabilities (amortized)[1]	**$2,019**	$1,991

C. Environmental Liabilities: External Releases to the Environment

FBF reported a total estimated environmental liability for external releases to the environment of $93 million and $91 million as of September 30, 2026 and September 30, 2025, respectively. The increase is attributable to remediation efforts, scope of work changes, and cost re-estimations for environmental services for projects managed by GSA. GSA'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 U.S. Department of War sites including munitions manufacturing and stockpile centers. GSA does not have any sites identified as probable but not reasonably estimable regarding cleanup costs.

Additionally, there are certain sites within GSA's custody and control, but a non-GSA entity is responsible for reporting the environmental liability and settling cleanup costs as designated by Formerly Used Defense Sites and U.S. Department of War–Defense Logistics Agency

[1]Does not include $2 million in environmental liabilities in Other Funds for FY 2026 and FY 2025 that were included on the balance sheet for non-GSA Assets. See Note 10A.

requirements. For these sites, GSA has identified $28 million as of September 30, 2026 and $31 million as of September 30, 2025 for "reasonably possible" cleanup costs.

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.

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 2026, changes to GSA's total estimated liability consisted of cost re-estimates, inflation, and amortization of remaining future year costs.

The amortized asbestos-related liabilities reported as of FY 2026 and FY 2025 are $1.5 billion for both fiscal years. In FY 2026, updates were made to building asbestos cost estimates and asbestos square footage inventory. The unamortized asbestos liabilities for FY 2026 and FY 2025 are $1 million for both fiscal years.

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. The amortized PP&E non-asbestos related liabilities are $413 million and $393 million as of September 30, 2026 and September 30, 2025, respectively. The increase is due to changes in non-asbestos liability cost factors based upon updated project and building surveys' cost estimate data. The unamortized PP&E non-asbestos liabilities are $41 million and $43 million as of September 30, 2026 and September 30, 2025, respectively.

F. Heritage Assets

The average age of buildings under the jurisdiction, custody, and control of GSA is approximately 53 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 the 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 as determined by GSA's historic preservation program office. In FY 2026, GSA had under its jurisdiction, custody, and control 421 buildings in the National Register, 58 of which are designated as National Historic Landmarks. This is an overall decrease from FY 2025 totals of 436 and 72, respectively, due to the disposal or demolition of assets formally listed in the National Register. An additional 122 buildings are eligible for the National Register, compared to the FY 2025 count of 107 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.

G. 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 September 30, 2026, GSA had an estimated 8,415 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 and subcategorized by predominant use:

PP&E Land	Commercial	Conservation and Preservation	Operational	Total Estimated Acreage
Start of FY 2025	15	—	8,444	8,459
End of FY2025/Start of 2026	15	—	8,528	8,543
End of FY 2026	13	—	8,402	8,415
Held for Disposal and Exchange (also included in balances above)				
Held for Disposal or Exchange - End of FY 2025	—	—	737	737
Held for Disposal or Exchange - End of FY 2026	—	—	772	772

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 2026 and FY 2025 were calculated by DOL using the following discount rates:

7. Discount Rates

	2026 Year 1 and Years Thereafter	2025 Year 1 and Years Thereafter
Wage Benefits	3.86%	3.22%
Medical Benefits	3.58%	2.94%

At September 30, 2026 and September 30, 2025, GSA's actuarial liability, reported in Pension and Post-Employment Benefits Payable on the Consolidated Balance Sheet, totaled $72 million and $82 million, respectively. As reported in Note 9, Other Intragovernmental Liabilities on the Consolidated Balance Sheet, the Workers Compensation accrued liability totaled $17 million for September 30, 2026 and $18 million for September 30, 2025.

8. Leasing Arrangements

SFFAS 54, *Leases*, requires federal reporting entities to record a right-to use 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).

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.

In accordance with SFFAS 54, GSA categorizes our leasing inventory by short-term leases, intragovernmental leases, right-to-use 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 during 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 Department of the 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 5.5 percent as of September 30, 2026 and 3.4 percent to 5.2 percent as of September 30, 2025. 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.

RTU lease assets recorded as of September 30, 2026, totaled $33.8 billion with related accumulated amortization of $9.7 billion and liability balance of $25.7 billion. The amount of annual lease expense for the fiscal year ended September 30, 2026 is $3.6 billion for amortization and $1.2 billion for interest expense. 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 the fiscal year ended September 30, 2025 is $3.3 billion for amortization and $1.3 billion for interest expense.

The table below shows the lease liability balance's future principal and interest allocations to the end of the expected lease term:

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

Fiscal Year	Principal	Interest	Total
2027	$2,874	$1,121	$3,995
2028	2,640	996	3,636
2029	2,383	882	3,265
2030	2,220	778	2,998
2031	2,045	680	2,725
2032 - 2036	7,571	2,205	9,776
2037 - 2041	4,080	881	4,961
2042 and future	1,875	319	2,194
Total future minimum lease payments	**$25,688**	**$7,862**	**$33,550**

GSA entered into a sale-leaseback transaction in fiscal year 2026. Concurrent with the sale, GSA entered into lease arrangements and properly recorded the revenue in accordance with SFFAS 54.

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 for the fiscal year ended September 30, 2026 was $17 million and $17.3 million for the fiscal year ended September 30, 2025. As of September 30, 2026, there are 18 buildings where the outlease represents the predominant use of the building. The net book value for these buildings is $18 million as of September 30, 2026. This includes accumulated depreciation of $43 million and historical cost of $61 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 Balance Sheet as PP&E. While GSA has variable lease payments in outleases, these are rare and immaterial for the fiscal years ended September 30, 2026 and 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 in the reporting period lease costs are incurred. The lease expense totaled $20 million for the fiscal year ended September 30, 2026 and $38 million for the fiscal year ended September 30, 2025 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 for financial reporting purposes under SFFAS 54. The future lease receipts disclosed include lease amounts due over the full life of the OAs. Many of these OAs can be cancelled by the occupant federal agency; 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 occupancy agreement 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. GSA believes that these agreements will also continue without interruption.

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.

Revenue earned for the FIT program, federal vehicle leasing arrangements and federal STR agreements totaled $1.5 billion for the fiscal year ended September 30, 2026 and $1.3 billion for the fiscal year ended September 30, 2025.

The future lease receipts projected in the table below only includes the fixed component of the 90 day required termination notice for fleet leasing; however, these arrangements are generally long term and are expected to continue beyond the 90 days. Given the varying length of agreements in the STR program, the projected future lease receipts for FY 2027 is based on the increase in intragovernmental revenue between the previous two fiscal years. FIT future lease receipts are projected based on the agreements as of September 30, 2026.

8-2. Future Lease Receipts

(Dollars in Millions)

Fiscal Year	FBF	ASF	Total
2027	$7,443	$594	$8,037
2028	6,272	5	6,277
2029	5,139	4	5,143
2030	4,263	2	4,265
2031	3,495	—	3,495
2032 - 2036	10,501	—	10,501
2037 - 2041	4,461	—	4,461
2042 and future	1,181	—	1,181
Total future annual lease receipts	**$42,755**	**$605**	**$43,360**

Transitional Accommodation for Embedded Leases

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 fiscal year 2024 through fiscal year 2026.

Intragovernmental Leasehold Reimbursable Work Authorizations

GSA has agreements from fiscal year 2026 and years prior with customer-lessees for reimbursable work and services that would inherently be GSA's responsibility. Such arrangements include projects that range from new construction or acquisition, to repair and alteration projects for GSA tenant agencies. The unearned revenue included in Intragovernmental Other Liabilities for these reimbursable work authorizations was $401 million as of September 30, 2026 and $455 million as of September 30, 2025.

Additional lease information can be found in Notes 1, 5, 6, 11 and 19.

9. Other Liabilities

As of September 30, 2026 and September 30, 2025, the amounts reported on the consolidated balance sheets 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. While leases are being classified as Other Liabilities, they are not presented in the table below. Additional information about lease liabilities and unearned lease revenue can be found in Note 8, Leasing Arrangements. Energy Savings Performance Contracts (ESPCs) and Utility Energy Service Contracts (UESCs) were reported as a separate line item in the FY 2025 AFR but have been reclassified to Other Liabilities Without Related Budgetary Obligations line item in the FY 2026 AFR to align with OMB Circular A-136 guidance. Other Intragovernmental Liabilities and Other Liabilities consisted of the following:

9. Other Liabilities
(Dollars in Millions)

2026	FBF	ASF	Other Funds	Less: Intra-GSA Eliminations	GSA Consolidated
Intragovernmental Other Liabilities					
Workers' Compensation Due to DOL	$11	$4	$2	$—	$17
Federal Benefits Payable	3	3	3	—	9
Deferred Revenues - Federal	401	—	—	—	401
Judgment Fund Liability	550	—	—	—	550
Amounts Owed to the General Fund	—	—	6	—	6
Amounts Owed to Other Agencies	—	—	4	—	4
Deposits in Clearing Funds and Other Liabilities Obligations	9	31	16	(4)	52
Total Intragovernmental Liabilities	**974**	**38**	**31**	**(4)**	**1,039**
Other Than Intragovernmental Other Liabilities					
Contingent Liabilities	2	—	—	—	2
Contract Holdbacks	2	—	—	—	2
Liability for Non-Fiduciary Deposit Funds and Undeposited Collections	—	—	8	—	8
Other Liabilities Without Related Budgetary Obligations	722	7	—	—	729
Total Other Than Intragovernmental Liabilities	**726**	**7**	**8**	**—**	**741**
Total Other Liabilities	**$1,700**	**$45**	**$39**	**$(4)**	**$1,780**

9. Other Liabilities (continued)
(Dollars in Millions)

2025	FBF	ASF	Other Funds	Less: Intra-GSA Eliminations	GSA Consolidated
Intragovernmental Other Liabilities					
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
Total Intragovernmental Liabilities	1,001	27	31	(8)	1,051
Other Than Intragovernmental Other Liabilities					
Withholdings Payable	—	—	27	—	27
Contingent Liabilities	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
Total Other Than Intragovernmental Liabilities	784	8	44	—	836
Total Other Liabilities	$1,785	$35	$75	$(8)	$1,887

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's 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's 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 is a 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, 2026 and September 30, 2025, are summarized in the table below:

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

2026 Legal Contingencies	Accrued Liabilities	Estimated Range of Loss - Lower End	Estimated Range of Loss - Upper End
Probable - FBF	$2	$2	$17
Total Probable	**2**	**2**	**17**
Reasonably Possible - FBF		1	74
Reasonably Possible - ASF		—	19
Reasonably Possible - Other Funds		—	12
Total Reasonably Possible		**1**	**105**
Legal Environmental Contingencies			
Probable - Other Funds	2	2	2
Reasonably Possible - Other Funds		—	163
Other Contingencies			
Reasonably Possible - ASF		$31	$114

2025 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
Total Probable	5	5	25
Reasonably Possible - FBF		2	311
Reasonably Possible - ASF		—	22
Reasonably Possible - Other Funds		—	13
Total Reasonably Possible		2	346
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, 2026 and September 30, 2025, GSA owed the Judgment Fund approximately $550 million and $526 million, respectively, 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 years ended September 30, 2026 and September 30, 2025, the Judgment Fund paid $5 million and $26 million, respectively, 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 years ended September 30, 2026 and September 30, 2025, GSA recorded $6 million and $27 million, respectively, 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 Note 15-E.

11. Liabilities Not Covered By Budgetary Resources

As of September 30, 2026 and September 30, 2025, budgetary resources were not yet available to fund certain liabilities reported on the Consolidated Balance Sheets. 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 Note 8, Leasing Arrangements.

ESPCs and UESCs were reported as a separate line item in the FY 2025 AFR but have been reclassified to Other Liabilities Without Related Budgetary Obligations line item in the FY 2026 AFR to align with OMB Circular A-136 guidance.

The portion of liabilities reported on the Consolidated Balance Sheets that are not covered by budgetary resources consists of the following:

11. Liabilities Not Covered By Budgetary Resources

(Dollars in Millions)

2026	FBF	ASF	Other Funds	Less: Intra-GSA Elims	GSA Consolidated
Intragovernmental					
Other Liabilities					
Benefit Program Contributions Payable	$11	$4	$2	$—	$17
Judgment Fund Liability	550	—	—	—	550
Other Intragovernmental Liabilities	—	—	4	(4)	—
Total Intragovernmental Liabilities Not Covered by Budgetary Resources	**561**	**4**	**6**	**(4)**	**567**
Other Than Intragovernmental					
Federal Employee Salary, Leave, and Benefits Payable					
Annual Leave Liability	38	39	28	—	105
Pension and Post-Employment Benefits Payable	48	14	25	—	87
Environmental and Disposal Liabilities	2,019	—	2	—	2,021
Other Liabilities					
Lease Liability and Unearned Lease Revenue	25,712	—	—	—	25,712
Other Liabilities	724	7	—	—	731
Total Other Than Intragovernmental Liabilities Not Covered by Budgetary Resources	**28,541**	**60**	**55**	**—**	**28,656**
Total Liabilities Not Covered By Budgetary Resources	**29,102**	**64**	**61**	**(4)**	**29,223**
Total Liabilities Covered By Budgetary Resources	**1,408**	**7,265**	**64**	**(21)**	**8,716**
Total Liabilities Not Requiring Budgetary Resources	**—**	**—**	**29**	**—**	**29**
Total Liabilities	**$30,510**	**$7,329**	**$154**	**$(25)**	**$37,968**

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

2025	FBF	ASF	Other Funds	Less: Intra-GSA Elims	GSA Consol.
Intragovernmental					
Other Liabilities					
Benefit Program Contributions Payable	$11	$4	$3	$—	$18
Deferred Revenues - Federal	1	—	—	—	1
Judgment Fund Liability	526	—	—	—	526
Other Intragovernmental Liabilities	—	1	7	(8)	—
Total Intragovernmental Liabilities Not Covered by Budgetary Resources	538	5	10	(8)	545
Other Than Intragovernmental					
Federal Employee Salary, Leave, and Benefits Payable					
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
Other Liabilities					
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
Total Other Than Intragovernmental Liabilities Not Covered by Budgetary Resources	29,205	81	74	—	29,360
Total Liabilities Not Covered By Budgetary Resources	29,743	86	84	(8)	29,905
Total Liabilities Covered By Budgetary Resources	1,461	6,516	115	(87)	8,005
Total Liabilities Not Requiring Budgetary Resources	—	—	34	—	34
Total Liabilities	$31,204	$6,602	$233	$(95)	$37,944

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 Sheets 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), they must be disclosed. Since the President's Budget is generally released in February each year, the most current comparable data is the FY 2027 President's Budget, which contains FY 2025 financial statement results. The FY 2028 President's Budget, containing FY 2026 actual results, is expected to be released in February 2027 on OMB's website and GSA's Congressional Justification on 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 2025 CSBR and the FY 2027 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 $55.8 billion and $21.6 billion as of September 30, 2025, respectively, represent budgetary resources net of FBF's unavailable budgetary resources of $10.8 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)

2025	FBF CSBR	FBF President's Budget	ASF CSBR	ASF President's Budget	Other Funds CSBR	Other Funds President's Budget	GSA Comb. CSBR	GSA Combined President's Budget	Diff.
Budgetary Resources	$32,328	$32,327	$32,140	$32,140	$2,121	$2,064	$66,589	$66,531	$58
New Obligations and Upward Adjustments	12,379	12,379	28,275	28,275	1,242	1,237	41,896	41,891	5
Net Outlays (Receipts) from Operating Activities	(345)	(344)	(165)	(165)	341	337	(169)	(172)	3
Distributed Offsetting Receipts	—	—	—	—	(207)	(207)	(207)	(207)	—

12-2. Components of each difference all funds combined

(Dollars in Millions)

2025	Budgetary Resources	New Obligations and Upward Adjustments	Net Outlays (Receipts) from Operating Activities	Distributed Offsetting Receipts
Combined Statement of Budgetary Resources	$66,589	$41,896	$(169)	$(207)
Expired Funds, Not Reflected in the Budget	(50)	(3)	—	—
Other	(8)	(2)	(3)	—
Budget of the U.S. Government	$66,531	$41,891	$(172)	$(207)

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 2026 or FY 2025.

13A. Adjustments to Unobligated Balances Brought Forward

(Dollars in Millions)

2026	FBF	ASF	Other Funds	GSA Combined
Prior Year Total Unobligated Balance, End of Period[2]	$9,190	$3,865	$879	$13,934
Nonexpenditure Transfers of Unobligated Balance to or from Other Accounts:				
Unobligated Balance Transferred to Other Accounts	—	—	(52)	(52)
Unobligated Balance Transferred from Other Accounts	—	—	30	30
Total Nonexpenditure Transfers of Unobligated Balance to or from Other Accounts	**—**	**—**	**(22)**	**(22)**
Other Adjustments to Unobligated Balance Brought Forward:				
Adjustment of Unobligated Balance Brought Forward, October 1	(17)	—	(8)	(25)
Recoveries of Prior Year Unpaid Obligations	164	2,108	44	2,316
Capital transfer of unobligated balances to General Fund (-)	—	(8)	—	(8)
Unobligated balance withdrawn to Treasury (-)	—	—	(9)	(9)
Unobligated balance withdrawn to special/trust (-)	—	—	(1)	(1)
Recoveries of Prior Year Paid Obligations	5	5	3	13
Total Other Adjustments to Unobligated Balance Brought Forward	**152**	**2,105**	**29**	**2,286**
Unobligated Balance from Prior Year Budget Authority, Net	**$9,342**	**$5,970**	**$886**	**$16,198**

2025	FBF	ASF	Other Funds	GSA Combined
Prior Year Total Unobligated Balance, End of Period	$12,503	$3,861	$865	$17,229
Adjustments to Unobligated Balance Brought Forward				
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
Total Adjustments to Unobligated Balance Brought Forward	258	1,894	(123)	2,029
Unobligated Balance from Prior Year, Budget Authority, Net	$12,761	$5,755	$742	$19,258

[2]FBF brought forward balance includes $27 million of borrowing authority for FY 2026.

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, 2026 and September 30, 2025, are as follows:

13B. Undelivered Orders
(Dollars in Millions)

2026	Federal	Non-Federal	Paid	Unpaid	Total
FBF	$69	$6,756	$15	$6,810	$6,825
ASF	919	12,652	—	13,571	13,571
Other Funds	145	202	43	304	347
Total Undelivered Orders	**$1,133**	**$19,610**	**$58**	**$20,685**	**$20,743**

2025	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
Total Undelivered Orders	$973	$16,707	$60	$17,620	$17,680

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 $681[3] million as of September 30, 2026 and $489[3] million as of September 30, 2025. As further discussed in Notes

[3]This balance does not include any applicable Intra-GSA elimination adjustments.

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 represent 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 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's 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, 2026, and September 30, 2025, were as follows:

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

2026	FBF	ASF	Other Funds	GSA Consolidated Totals
Liabilities Not Covered by Budgetary Resources				
Unfunded Leave	$38	$39	$28	$105
Liabilities Covered by Budgetary Resources				
Accrued Funded Payroll and Leave	13	13	9	35
Other	—	1	1	2
Total Federal Employee Salary, Leave, and Benefits Payable	**$51**	**$53**	**$38**	**$142**

2025	FBF	ASF	Other Funds	GSA Consolidated Totals
Liabilities Not Covered by Budgetary Resources				
Unfunded Leave	$63	$56	$43	$162
Liabilities Covered by Budgetary Resources				
Accrued Funded Payroll and Leave	28	23	18	69
Other	—	1	4	5
Total Federal Employee Salary, Leave, and Benefits Payable	$91	$80	$65	$236

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

2026	FBF	ASF	Other Funds	GSA Consolidated Totals
Liabilities Not Covered by Budgetary Resources				
Workers' Compensation Actuarial Liability	$48	$14	$10	$72
Other	—	—	15	15
Total Pension and Post-Employment Benefits Payable	**$48**	**$14**	**$25**	**$87**

2025	FBF	ASF	Other Funds	GSA Consolidated Totals
Liabilities Not Covered by Budgetary Resources				
Workers' Compensation Actuarial Liability	$50	$17	$15	$82
Other	—	—	14	14
Total Pension and Post-Employment Benefits Payable	$50	$17	$29	$96

B. Civil Service Retirement System

As of September 30, 2026, 0.3 percent of GSA employees were covered by CSRS, a defined benefit plan, down from 0.9 percent at September 30, 2025. As of September 30, 2026, total employer contributions by GSA were less than $1 million (down from $1 million as of September 30, 2025), calculated at 7.5 percent of base pay for law enforcement personnel and 7.0 percent for all other employees.

C. Federal Employees Retirement System

On January 1, 1987, 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. In FY 2026, 99.5 percent (up from 99 percent in FY 2025) 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 $24,500 and $23,500 in their TSP account in calendar years 2026 and 2025, respectively. 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 years 2026 and 2025, total contributions made on behalf of an employee could not exceed $72,000 and $70,000, respectively. For FY 2026 and FY 2025, GSA (employer) contributions to FERS were 38.2 percent of base pay for law enforcement employees and 18.4 percent for all others. GSA's contributions were as follows:

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

	2026	2025
FBF	$78	$119
ASF	77	99
Other Funds	58	84
Total Employer Contributions	**$213**	$302

Additional GSA contributions to the TSP were as follows:

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

	2026	2025
FBF	$21	$31
ASF	20	26
Other Funds	15	22
Total Employer Contributions	**$56**	$79

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 (up to $184,500 and $176,100 in calendar years 2026 and 2025, respectively) to SSA's Old-Age, Survivors, and Disability Insurance Program. Additionally, GSA made matching contributions for all employees of 1.45 percent of gross pay to the Medicare Hospital Insurance program in both calendar years 2026 and 2025. In FY 2026, 0.2 percent of GSA employees (up from 0.1 percent in FY 2025) are covered exclusively by these programs. Payments to these programs were as follows:

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

	2026	2025
FBF	$35	$51
ASF	34	42
Other Funds	26	35
Total Employer Contributions	**$95**	$128

E. Schedule of Imputed Benefit Costs

Amounts recorded in FY 2026 and FY 2025, in accordance with FASAB SFFAS 5, *Accounting for Liabilities of The Federal Government*, for imputed post-employment benefits were as follows:

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

2026	**Pension Benefits**	**Health/ Life Insurance**	**Total**
FBF	$23	$31	$54
ASF	22	28	50
Other Funds	17	20	37
Total Unfunded Benefit Costs	**$62**	**$79**	**$141**

2025	Pension Benefits	Health/ Life Insurance	Total
FBF	$47	$49	$96
ASF	40	35	75
Other Funds	35	30	65
Total Unfunded Benefit Costs	$122	$114	$236

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

16. Budget and Accrual Reconciliation

(Dollars in Millions)

2026	FBF Intragov	FBF With the Public	FBF Total	ASF Intragov	ASF With the Public	ASF Total	Other Intragov	Other With the Public	Other Total	Less: Intra-GSA Elims Intragov	Less: Intra-GSA Elims With the Public	Less: Intra-GSA Elims Total	GSA Consol. Intragov	GSA Consol. With the Public	GSA Consol. Total
Net Cost (Revenue) of Operations	—	—	$(212)	—	—	$(795)	—	—	$267	—	—	$38	—	—	$(778)
Components of Net Cost Not Part of the Budget Outlays															
Property, plant, and equipment depreciation expense	—	(1,786)	(1,786)	—	(782)	(782)	—	(7)	(7)	—	—	—	—	(2,575)	(2,575)
Property, plant, and equipment disposals and revaluations	—	—	—	—	(283)	(283)	—	—	—	—	—	—	—	(283)	(283)
Lessee Lease Amortization	—	(3,565)	(3,565)	—	—	—	—	—	—	—	—	—	—	(3,565)	(3,565)
Increase/(Decrease) in Assets															
Accounts receivable, net	35	5	40	976	6	982	(126)	—	(126)	—	—	—	885	11	896
Other assets	(85)	—	(85)	—	—	—	17	—	17	—	—	—	(68)	—	(68)
(Increase)/Decrease in Liabilities															
Accounts Payable	30	(12)	18	12	(775)	(763)	(3)	(4)	(7)	—	—	—	39	(791)	(752)
Lessee Lease Liability	534	—	534	—	—	—	—	—	—	—	—	—	534	—	534
Environmental and disposal liabilities	—	(27)	(27)	—	—	—	—	—	—	—	—	—	—	(27)	(27)
Federal employee benefits payable	—	42	42	—	29	29	—	29	29	—	—	—	—	100	100
Other Liabilities	96	40	136	2	(1)	1	4	—	4	—	—	—	102	39	141
Financing Sources															
Imputed Cost	(73)	—	(73)	(65)	—	(65)	(47)	—	(47)	(38)	—	(38)	(147)	—	(147)

16. Budget and Accrual Reconciliation (continued)

(Dollars in Millions)

2026	FBF Intragov	FBF With the Public	FBF Total	ASF Intragov	ASF With the Public	ASF Total	Other Intragov	Other With the Public	Other Total	Less: Intra-GSA Elims Intragov	Less: Intra-GSA Elims With the Public	Less: Intra-GSA Elims Total	GSA Consol. Intragov	GSA Consol. With the Public	GSA Consol. Total
Components of the budget outlays that are not part of net operating cost															
Acquisition of capital assets	—	4,185	4,185	—	1,626	1,626	—	8	8	—	—	—	—	5,819	5,819
Transfers out (in) without reimbursements	—	—	—	—	—	—	(39)	—	(39)	—	—	—	(39)	—	(39)
Other	—	17	17	—	—	—	—	—	—	—	—	—	—	17	17
Net Outlays (Receipts) from Operating Activity			(776)			(50)			99			—			(727)
Distributed Offsetting Receipts			—			—			(228)			—			(228)
Total Net Outlays (Receipts)	**—**	**—**	**$(776)**	**—**	**—**	**$(50)**	**—**	**—**	**$(129)**	**—**	**—**	**$—**	**—**	**—**	**$(955)**

16. Budget and Accrual Reconciliation (continued)

(Dollars in Millions)

2025	FBF Intragov	FBF With the Public	FBF Total	ASF Intragov	ASF With the Public	ASF Total	Other Intragov	Other With the Public	Other Total	Less: Intra-GSA Elims Intragov	Less: Intra-GSA Elims With the Public	Less: Intra-GSA Elims Total	GSA Consol. Intragov	GSA Consol. With the Public	GSA Consol. Total
Net Cost (Revenue) of Operations	—	—	$561	—	—	$(484)	—	—	$431	—	—	$64	—	—	$444
Components of Net Cost Not Part of the Budget Outlays															
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)
Increase/(Decrease) in Assets															
Accounts receivable, net	(108)	(5)	(113)	(232)	10	(222)	53	—	53	—	—	—	(287)	5	(282)
Other assets	(29)	—	(29)	—	—	—	17	—	17	—	—	—	(12)	—	(12)
(Increase)/Decrease in Liabilities															
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
Financing Sources															
Imputed Cost	$(127)	—	$(127)	$(102)	—	$(102)	$(98)	—	$(98)	$(64)	—	$(64)	$(263)	—	$(263)

16. Budget and Accrual Reconciliation (continued)

(Dollars in Millions)

2025	FBF Intragov	FBF With the Public	FBF Total	ASF Intragov	ASF With the Public	ASF Total	Other Intragov	Other With the Public	Other Total	Less: Intra-GSA Elims Intragov	Less: Intra-GSA Elims With the Public	Less: Intra-GSA Elims Total	GSA Consol. Intragov	GSA Consol. With the Public	GSA Consol. Total
Components of the budget outlays that are not part of net operating cost															
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)
Total Net Outlays (Receipts)	—	—	$(345)	—	—	$(165)	—	—	$134	—	—	$—	—	—	$(376)

17. Net Cost by Responsibility Segment

The Consolidated Statements of Net Cost for GSA are primarily driven by the operations of the two largest service organizations: PBS, which manages the FBF, and FAS, which manages the ASF.

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

- Government-owned Buildings
- Leased Buildings

FAS provides acquisition services by leveraging the buying power of the Federal Government to obtain the best value. Responsibility segments include:

- General Supplies and Services (GS&S)
- Travel, Transportation and Logistics (TTL)
- Information Technology (IT)
- Assisted Acquisition Services (AAS)
- Professional Services and Human Capital (PS&HC)
- Centralized Acquisition Services (CAS)
- Other Programs

Revenues and expenses not associated with PBS or FAS are reported as Working Capital and General Funds. Eliminations of intra-agency activity are recorded against the organization providing the goods or services, displayed in the Intra-GSA Eliminations column.

Non-production costs related to backpay for the salaries of furloughed employees during the government shutdown in FY 2026 amounted to $13 million for FBF, $12 million for ASF, and $19 million for Working Capital and General Funds.

Net operating results for each responsibility segment for FY 2026 and FY 2025 are detailed in the tables below:

17. Net Cost by Responsibility Segment
For the Fiscal Year Ended September 30, 2026
(Dollars in Millions)

Major Programs	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
Manage Building Operations														
Earned Revenues	$5,609	$6,667	$—	$—	$—	$—	$—	$—	$—	$—	$—	$12,276	$23	$12,253
Less: Operating Expenses	4,870	7,194	—	—	—	—	—	—	—	—	—	12,064	41	12,023
Net Revenues from (Cost of) Operations	**739**	**(527)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**212**	**(18)**	**230**
Provide Acquisition Services														
Earned Revenues	—	—	1,515	4,052	661	20,898	110	664	182	—	—	28,082	123	27,959
Less: Operating Expenses	—	—	1,427	3,463	512	20,785	118	742	240	—	—	27,287	138	27,149
Net Revenues from (Cost of) Operations	**—**	**—**	**88**	**589**	**149**	**113**	**(8)**	**(78)**	**(58)**	**—**	**—**	**795**	**(15)**	**810**
Working Capital and General Funds														
Earned Revenues	—	—	—	—	—	—	—	—	—	672	42	714	662	52
Less: Operating Expenses	—	—	—	—	—	—	—	—	—	659	322	981	667	314
Net Revenues from (Cost of) Operations	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**13**	**(280)**	**(267)**	**(5)**	**(262)**
GSA Consolidated Net Results														
Earned Revenues	5,609	6,667	1,515	4,052	661	20,898	110	664	182	672	42	41,072	808	40,264
Less: Operating Expenses	4,870	7,194	1,427	3,463	512	20,785	118	742	240	659	322	40,332	846	39,486
Net Revenues from (Cost of) GSA Operations	**$739**	**$(527)**	**$88**	**$589**	**$149**	**$113**	**$(8)**	**$(78)**	**$(58)**	**$13**	**$(280)**	**$740**	**$(38)**	**$778**

17. Net Cost by Responsibility Segment (continued)
For the Fiscal Year Ended September 30, 2025
(Dollars in Millions)

Major Programs	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
Manage Building Operations														
Earned Revenues	$5,537	$6,661	$-	$-	$-	$-	$-	$-	$-	$-	$-	$12,198	$39	$12,159
Less: Operating Expenses	5,352	7,407	—	—	—	—	—	—	—	—	—	12,759	70	12,689
Net Revenues from (Cost of) Operations	185	(746)	—	—	—	—	—	—	—	—	—	(561)	(31)	(530)
Provide Acquisition Services														
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
Net Revenues from (Cost of) Operations	—	—	25	439	64	127	(24)	(9)	(138)	—	—	484	(26)	510
Working Capital and General Funds														
Earned Revenues	—	—	—	—	—	—	—	—	—	885	64	949	871	78
Less: Operating Expenses	—	—	—	—	—	—	—	—	—	881	499	1,380	878	502
Net Revenues from (Cost of) Operations	—	—	—	—	—	—	—	—	—	4	(435)	(431)	(7)	(424)
GSA Consolidated Net Results														
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
Net Revenues from (Cost of) GSA Operations	$185	$(746)	$25	$439	$64	$127	$(24)	$(9)	$(138)	$4	$(435)	$(508)	$(64)	$(444)

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 2025 *Financial Report* is available on the U.S. Treasury's Bureau of the Fiscal Service's website and a copy of the 2026 *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 2026 GSA Statement of Net Cost	**Line Items Used to Prepare FY 2026 Government-wide Statement of Net Cost**

GSA Financial Statement Line	**Amounts**	**Amounts**	**Reclassified Financial Statement Line**
GSA Consolidated Net Results			**GSA Consolidated Net Results**
Earned Revenues	$40,264	$1	Borrowing and Other Interest Revenue
		38,978	Buy/Sell Revenue
		38,979	**Total Federal Earned Revenue**
		1,285	Non-Federal Earned Revenue
		40,264	**Department Total Earned Revenue**
Less: Operating Expenses	39,486	325	Benefit Program Costs
		297	Buy/Sell Costs
		147	Imputed Costs
		95	Other Expenses (Without Reciprocals)
		864	**Total Federal Gross Costs**
		38,622	Non-Federal Gross Costs
		38,622	**Total Non-Federal Costs**
		39,486	**Department Total Gross Costs**
Net Revenues From (Cost of) Operations	**$778**	**$778**	**Net Cost of Operations**

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 2026 GSA Statement of Changes in Net Position	Line Items Used to Prepare FY 2026 Government-wide Statement of Changes in Net Position

GSA Financial Statement Line	Amounts	Amounts	Reclassified Financial Statement Line
BEGINNING BALANCE OF NET POSITION			**BEGINNING BALANCE OF NET POSITION**
Unexpended Appropriations	$5,760	$5,760	Net Position, Beginning of Period
Cumulative Results of Operations	42,829	42,829	Net Position, Beginning of Period
Adjustments - Change in Accounting Principles	(1,927)	(1,927)	Change in Accounting Principles
Net Position Beginning Balance	**46,662**	**46,662**	**Net Position, Beginning of Period**
CHANGES IN UNEXPENDED APPROPRIATIONS			**CHANGES IN UNEXPENDED APPROPRIATIONS**
Appropriations Received	443	443	Appropriations Received as Adjusted (Recissions and Other Adjustments)
Appropriations Used	(826)	(826)	Appropriations Used
Appropriations Adjustments and Transfers (To) From Other Agencies or Funds	(64)	(62)	Appropriations Received as Adjusted (Recissions and Other Adjustments)
		12	Nonexpenditure Transfers-In of Unexpended Appropriations and Financing Sources
		(14)	Nonexpenditure Transfers-Out of Unexpended Appropriations and Financing Sources
Net Change in Unexpended Appropriations	**(447)**	**(447)**	**Net Change in Unexpended Appropriations**
RESULTS OF OPERATIONS			**RESULTS OF OPERATIONS**
Net Revenues From (Cost of) Operations	778	778	Net Cost of Operations
Appropriations Used (Note 1-C)	826	826	Appropriations Expended
Non-Exchange Revenue (Notes 1-C, 1-D)	235	(19)	Other Non-Budgetary Financing Sources
		254	Other Taxes and Receipts
Imputed Financing Provided By Others	147	147	Imputed Financing Sources
Transfers of Financing Sources (To) From the U.S.Treasury	(30)	(25)	Non-Entity Collections Transferred to the General Fund of the U.S. Government
		(5)	Accrual for Non-Entity Amounts to be Collected and Transferred to the General Fund of the U.S. Government
Transfers of Net Assets and Liabilities (To) From Other Federal Agencies	(63)	4	Accrual of Collections Yet to be Transferred to a TAS Other Than the General Fund of the U.S. Government
		39	Expenditure Transfers-In of Financing Sources
		(105)	Transfers-In Without Reimbursement
		(1)	Transfers-Out Without Reimbursement
Other	(6)	(6)	Other Non-Budgetary Financing Sources
Net Change in Cumulative Results of Operations	**1,887**	**1,887**	**Net Change in Cumulative Results of Operations**
ENDING BALANCE OF NET POSITION			**ENDING BALANCE OF NET POSITION**
Unexpended Appropriations	5,313	5,313	Net Position, End of Period
Cumulative Results of Operations	42,789	42,789	Net Position, End of Period
Net Position Ending Balance	**$48,102**	**$48,102**	**Net Position, End of Period**

19. Public-Private Partnerships (P3s)

SFFAS 49, *Public-Private Partnerships*, helps achieve the operating performance and budgetary integrity objectives outlined in the 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 to multiple years. Currently, the longest remaining outlease term is 55 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) are 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 ESPC's 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) assume 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 life cycle 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.

As of September 30, 2026, $721 million of the $1.3 billion in future payments shown in the table below has been recognized as an installment contract liability; $191 million is for the future interest costs associated with the long-term financing of that liability; and $384 million represents the contractual estimate of post performance period support costs (including operations and maintenance) to be incurred over the life of the ESPC/UESCs. In FY 2026, GSA paid off two debt instruments and incurred immaterial early repayment fees.

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 apply to the sale of RECs, as the market is extremely difficult to estimate.

GSA has authority to enter into PPAs for periods not exceeding 10 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 2026, GSA approved payments of $32 million, through a third party with such renewable energy developers and received credits of $18 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, 2026 to estimate the amount to be received.

19. Public-Private Partnerships Revenues and Expenses
(Dollars in Millions)

Agreements/ Contracts	FY 2025 Actual Amount Received in FY	FY 2025 Actual Amount Paid in FY	**FY 2026 Actual Amount Received in FY**	**FY 2026 Actual Amount Paid in FY**	**Future Years Estimated Amount to be Received**	**Future Years Estimated Amount to be Paid**
Outleases	$14	$-	$7	—	$25	—
ESPCs/UESCs	—	$122	—	$137	—	$1,295
PPAs	$19	$32	$18	$32	$5	$10

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

Management is not aware of any events or transactions that have occurred, subsequent to the balance sheet date but prior to the issuance of the financial statements, that have or could have a material effect on the financial statements and, therefore, require adjustment or disclosure in the statements.

Required Supplementary Information (Unaudited)

Deferred Maintenance and Repairs

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 toward 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 PBS. 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 RSMeansTM 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 FASAB 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 $6.1 billion for FY 2026 and $6.2 billion for FY 2025. The decline in DM&R from the previous fiscal year is driven by large-dollar buildings accepted for disposal. However, immediate requirements in GSA's remaining buildings have continued to increase due to several factors. These include increases in material and labor costs, as well as unaddressed maintenance requirements from funding limitations. These increases result in future-year needs becoming immediate needs, and therefore DM&R.

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 R&A needs and the functional replacement value of an asset. Based on the end of FY 2026 BAT data, approximately 58.3 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 R&A 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 and are therefore no longer mission critical to GSA's active inventory or a 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 2026, the total maintenance and repair amount to keep mission-critical facilities mission-capable is $8.0 billion, an increase from the $7.9 billion reported in FY 2025.[4]

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 consider 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.

[4]The DM&R disclosed above reflect the immediate needs within the inventory; the dollar amount of maintenance and repair needs for PBS’s mission-capable assets includes 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 63 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 years ended September 30, 2026 and September 30, 2025.

Combining Statement of Budgetary Resources
(Dollars in Millions)

Fund and Fiscal Year	2026 FBF	2025 FBF	2026 ASF	2025 ASF	2026 Other Funds	2025 Other Funds	2026 GSA Combined	2025 GSA Combined
Budgetary Resources								
Unobligated Balance from Prior Year Budget Authority, Net (Note 13)	**$9,342**	$12,761	**$5,970**	$5,755	**$886**	$742	**$16,198**	$19,258
Appropriations	**(3)**	(1,530)	**—**	—	**447**	347	**444**	(1,183)
Spending Authority from Offsetting Collections	**13,372**	10,338	**31,406**	26,385	**837**	1,032	**45,615**	37,755
Total Budgetary Resources	**22,711**	21,569	**37,376**	32,140	**2,170**	2,121	**62,257**	55,830
Status of Budgetary Resources								
New Obligations and Upward Adjustments	**12,909**	12,379	**33,593**	28,275	**1,106**	1,242	**47,608**	41,896
Unobligated Balance, End of Period								
Apportioned, Unexpired Accounts	**7,711**	9,159	**3,402**	2,260	**481**	440	**11,594**	11,859
Unapportioned, Unexpired Accounts	**2,091**	31	**381**	1,605	**504**	392	**2,976**	2,028
Unexpired Unobligated Balance, End of Period	**9,802**	9,190	**3,783**	3,865	**985**	832	**14,570**	13,887
Expired Unobligated Balance, End of Period	**—**	—	**—**	—	**79**	47	**79**	47
Unobligated Balance, End of Period, Total	**9,802**	9,190	**3,783**	3,865	**1,064**	879	**14,649**	13,934
Total Status of Budgetary Resources	**22,711**	21,569	**37,376**	32,140	**2,170**	2,121	**62,257**	55,830
Outlays, Net								
Net Outlays (Receipts) from Operating Activity	**(776)**	(345)	**(50)**	(165)	**99**	341	**(727)**	(169)
Distributed Offsetting Receipts	**—**	—	**—**	—	**(228)**	(207)	**(228)**	(207)
Total Net Agency Outlays (Receipts)	**$(776)**	$(345)	**$(50)**	$(165)	**$(129)**	$134	**$(955)**	$(376)

Combining Statement of Budgetary Resources - Other Funds

(Dollars in Millions)

Fund and Fiscal Year	2026 WCF	2025 WCF	2026 TMF	2025 TMF	2026 OTHER FUNDS EXCLUDING WCF AND TMF	2025 OTHER FUNDS EXCLUDING WCF AND TMF	OTHER FUNDS TOTAL 2026	OTHER FUNDS TOTAL 2025
Budgetary Resources								
Unobligated Balance from Prior Year Budget Authority, Net	**$321**	$217	**$272**	$266	**$293**	$259	**$886**	$742
Appropriations	**—**	4	**5**	(13)	**442**	356	**447**	347
Spending Authority from Offsetting Collections	**681**	887	**94**	72	**62**	73	**837**	1,032
Total Budgetary Resources	**1,002**	1,108	**371**	325	**797**	688	**2,170**	2,121
Status of Budgetary Resources								
New Obligations and Upward Adjustments	**740**	804	**4**	32	**362**	406	**1,106**	1,242
Unobligated Balance, End of Period								
Apportioned, Unexpired Accounts	**79**	105	**280**	192	**122**	143	**481**	440
Unapportioned, Unexpired Accounts	**183**	199	**87**	101	**234**	92	**504**	392
Unexpired Unobligated Balance, End of Period	**262**	304	**367**	293	**356**	235	**985**	832
Expired Unobligated balance, End of Period	**—**	—	**—**	—	**79**	47	**79**	47
Unobligated Balance, End of Period, Total	**262**	304	**367**	293	**435**	282	**1,064**	879
Total Status of Budgetary Resources	**1,002**	1,108	**371**	325	**797**	688	**2,170**	2,121
Outlays, Net								
Net Outlays (Receipts) from Operating Activity	**(72)**	23	**(89)**	(42)	**260**	360	**99**	341
Distributed Offsetting Receipts	**—**	—	**—**	—	**(228)**	(207)	**(228)**	(207)
Total Net Agency Outlays (Receipts)	**$(72)**	$23	**$(89)**	$(42)	**$32**	$153	**$(129)**	$134

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	1	0	1	0	0	
Total Material Weaknesses	1	0	1	0	0	

Table 2 Summary of Management Assurance						
Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Unmodified					
Material Weakness	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Deficiencies in Internal Controls over Financial Reporting	1	0	1	0	0	0
Total Material Weaknesses	1	0	1	0	0	0
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

October 14, 2026

TO: EDWARD C. FORST
ADMINISTRATOR (A)

FROM: ROBERT C. ERICKSON
ACTING INSPECTOR GENERAL (J)

ROBERT ERICKSON Digitally signed by ROBERT ERICKSON Date: 2026.10.14 12:13:09 -04'00'

SUBJECT: Assessment of GSA's Management and Performance Challenges for Fiscal Year 2027

As required by the Reports Consolidation Act of 2000, Public Law 106-531, we have prepared for inclusion in the Fiscal Year 2026 Agency Financial Report the attached assessment summarizing what we consider to be the most significant management and performance challenges facing GSA in Fiscal Year 2027.

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

1. Implementation of GSA-Wide Reorganization Efforts
2. Establishing and Maintaining and Effective Internal Control Environment
3. Maximizing the Performance of GSA's Real Property Inventory
4. Streamlining and Centralizing Procurement
5. Improving Contract Award and Administration
6. Managing Agency Cybersecurity Risks
7. Providing a Safe Work Environment
8. Securing Federal Facilities
9. Managing the Technology Transformation Service
10. Procuring and Using Artificial Intelligence

Please review the attached assessment at your earliest convenience. If you have any questions or wish to discuss our assessment further, please call 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

1800 F Street NW, Washington, DC 20405

OFFICE OF INSPECTOR GENERAL'S ASSESSMENT OF GSA'S MANAGEMENT AND PERFORMANCE CHALLENGES FOR FISCAL YEAR 2027

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 GSA'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 2027. 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 hastily undertook rapid and sweeping staffing reductions before it had effective reorganization plans in place. This resulted in a series of unintended consequences. As a result, GSA is contending with operational breakdowns that are impeding its ability to comply with laws and other requirements and to effectively and efficiently carry out its operations. GSA will need to continue to address the challenges created by its pursuit of widespread staffing reductions so that it can 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: 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 energy and utility contracts.

Challenge 4: Streamlining and Centralizing Government Procurement – 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, the Federal Acquisition Service (FAS) is undertaking several initiatives that will have a major impact on its acquisition solutions. These initiatives include streamlining the MAS Program, managing supply chain

risk, and consolidating government procurement. While these initiatives are intended to help FAS meet GSA's commitments, they also create challenges to FAS's ability to meet its mission.

Challenge 5: 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 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 as bad actors find new ways to penetrate and navigate government networks and systems undetected.

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'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.

Challenge 8: Securing Federal Facilities – GSA faces challenges to secure its vast real estate portfolio from a variety of security threats. Our recent audit reports have identified security threats arising from, among other things, the use of foreign-made drones on construction projects, inadequate screening of construction contractor personnel, and deficient security fixtures at GSA-controlled buildings.

Challenge 9: Managing the Technology Transformation Service – Past oversight of GSA's Technology Transformation Service (TTS) has identified weaknesses in its management controls related to oversight, financial management, performance, information technology, and human capital. The risks arising from these weaknesses are exacerbated by significant turnover in TTS's leadership ranks—TTS has not had a permanent director since January 2026. Because of a lack of dedicated and consistent leadership and reduced staff, TTS remains at risk of misspent money, lax controls, and degradation of services for the customer agencies it serves.

Challenge 10: Procuring and Using Artificial Intelligence – GSA is accelerating the use of artificial intelligence (AI) government-wide and is responsible for establishing the terms and conditions by which most government agencies will procure AI. As a result, GSA faces challenges to establish regulatory language that safeguards sensitive data while also allowing the government to benefit from cutting-edge technologies.

OFFICE OF INSPECTOR GENERAL'S ASSESSMENT OF GSA'S MANAGEMENT AND PERFORMANCE CHALLENGES FOR FISCAL YEAR 2027

Challenge 1: Implementation of GSA-Wide Reorganization Efforts

In February 2025, the president issued an executive order requiring federal agencies to reform the federal workforce to maximize efficiency and productivity.[5] As part of this order, the president directed federal agencies to "promptly undertake preparations to initiate large-scale reductions in force (RIFs), 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. As a result, GSA is contending with operational breakdowns that are impeding its ability to comply with laws and other requirements and to effectively and efficiently carry out its operations.

Our audit reports issued during Fiscal Year (FY) 2026 have consistently demonstrated the adverse effects GSA's reorganization and staffing reductions have had on the Agency's ability to meet its mission. For example:

- In December 2025, we reported that GSA should continue to collaborate with federal law enforcement agencies to address security risks at GSA-owned federal facilities .[6] In the report, we noted that the Improving Federal Building Security Act of 2024 requires facility security committees—which are responsible for determining whether to accept or reject recommended security countermeasures—to detail whether the benefits of a countermeasure outweigh the cost of implementation. The act further requires that the committees provide a justification for accepting the risk posed by a rejected countermeasure.

Representatives from GSA's Office of Mission Assurance and Public Buildings Service (PBS) stated that GSA has partnered with the U.S. Department of Homeland Security's Federal Protective Service to comply with the act. However, they stated that it has been hard to implement the policies and procedures necessary for compliance with the act during GSA's workforce reorganization.

[5] Executive Order 14210, *Implementing the President's "Department of Government Efficiency" Workforce Optimization Initiative*, February 11, 2025.

[6] *Audit of the Impact and Cost of Crime on GSA Building Operations* (Report Number A250032/P/6/R26001, December 1, 2025).

- In March 2026, we noted that PBS was not complying with its requirement to upload building studies into the Building Assessment Tool (BAT system)—a system used to estimate the costs to correct liabilities in GSA-owned buildings.[7] A PBS program specialist acknowledged that employees were not complying with PBS's *Capital Projects Study Program Guidance* requirement to upload completed building studies into the BAT system. The PBS program specialist added that the studies were not uploaded due to reduced staffing levels.
- In July 2026, we reported that the Federal Acquisition Service's (FAS's) Office of Assisted Acquisition Services did not fully implement corrective actions designed to address our September 2024 report, *FAS's Office of Assisted Acquisition Services Should Improve Its Oversight and Administration of Classified Contracts.*[8] We found that the Office of Assisted Acquisition Services did not accurately classify 40 percent of our sampled contracts in accordance with its updated guidance. A director told us that the errors were attributable to staffing shortages and personnel turnover during the implementation of the updated guidance.
- In September 2026, we reported that PBS is not consistently complying with its internal guidance for the BAT system, resulting in underreported liabilities and increasing the risk of errors.[9] In our report, we noted that GSA's staffing losses and reorganization have affected the timing of PBS's BAT surveys. PBS uses these surveys, which are physical building inspections performed by a PBS employee, to determine the amount of its building liabilities.

  PBS previously completed these surveys on a 2-year cycle; however, because PBS underwent significant staffing reductions and a major reorganization in 2025, it now requires BAT surveys to be completed on a 5-year cycle. The longer interval between BAT surveys increases the risk of outdated building maintenance liability data, making it critically important that PBS's BAT surveys are complete, accurate, and reliable.
- In October 2026, we reported that GSA is not fully complying with the Geospatial Data Act of 2018 (GDA).[10] We found that GSA is not meeting GDA requirements to maintain: (1) geospatial data, (2) a geospatial data strategy, and (3) an inventory of all geospatial

[7] *PBS Is Not Effectively Tracking and Monitoring Building Studies (Report Number A240084/P/6/R26002, March 6, 2026).*

[8] *Implementation Review of Corrective Action Plan: FAS's Office of Assisted Acquisition Services Should Improve Its Oversight and Administration of Classified Contracts* (Report Number A230065/Q/3/P24001, September 16, 2024).

[9] *PBS Is Not Consistently Complying with Its Internal Guidance for the Building Assessment Tool, Resulting in Underreported Liabilities and Increasing the Risk of Errors* (Report Number A250036/P/2/R26006, September 9, 2026).

[10] *GSA is Not Fully Complying with the Geospatial Data Act of 2018* (Report Number A260022/I/T/F27001, October 5, 2026).

data assets. We also found that GSA is not meeting the act's requirement to search for existing geospatial data before procuring new data.

These deficiencies, some of which were recurring, were exacerbated by staffing losses that have occurred since 2025. For example, GSA's Geographic Information Systems (GIS) Center of Excellence is responsible for GSA's compliance with the GDA. However, the GIS Center of Excellence experienced staffing losses and no longer has the resources to perform some of its functions.

Additionally, although GSA's geospatial data procedures directed the regional spatial data manager to search for existing geospatial data before purchasing new data, GSA eliminated this role during its 2025 workforce reductions. As a result, no one was left to perform the search function as outlined in the Agency's geospatial data procedures.

As shown above, the staffing losses and reorganization efforts pose a significant challenge to GSA's ability to fulfill its statutory mission. GSA has recently posted job announcements for positions it has deemed critical, including positions for construction managers, lease contracting officers, and building managers. According to the GSA Administrator, these job announcements are part of GSA's effort to "meaningfully increase [its] hiring in certain disciplines and decisively attract the best talent that will support GSA as [it continues] to grow as an agency." Nonetheless, GSA will need to continue to address the challenges created by its pursuit of widespread staffing reductions so that it can 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 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-25-107721, *Standards for Internal Control in the Federal Government*.

Importance of Internal Control

Internal control is an integral part of the processes management uses to achieve agency objectives. 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 securing information. 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 2026:

- In August 2026, we reported that we found inaccurate manufacturer names and part numbers for products in the GSA Advantage! catalog and Transactional Data Reporting (TDR) data, including multiple variations for the same product, as well as names and part numbers that did not match those from the manufacturer[11] We also found that FAS does not standardize part numbers for related product add-ons and base products with options that have a single manufacturer part number for multiple variations, which inhibits identification and comparability across Multiple Award Schedule (MAS) contracts.

  Absent reliable manufacturer name and part number data, FAS's pricing tools cannot identify identical products and provide useful pricing information for contracting officers' use in negotiations, potentially resulting in higher awarded pricing. As a result, federal customer agencies may overpay for products offered on MAS contracts and waste taxpayer dollars.

To address these deficiencies, we recommended that FAS develop and implement effective controls to ensure the accuracy and reliability of the manufacturer names and part numbers it collects. Among other things, FAS should improve its automated data quality checks and contractor oversight to identify and correct existing inaccuracies and prevent new inaccuracies from occurring.

- In February 2026, we reported that we examined MAS pricing for frequently purchased products and found significant price variability.[12] At times, the difference between a

  product's lowest price and highest price exceeded 1,000 percent. The significant price

[11] *The Processes FAS Uses to Ensure It Awards and Collects Accurate Product Data Are Ineffective (Report Number A240054/Q/2/P26002, August 13, 2026).*

[12] *Federal Agencies Are at Risk of Overpaying for Products in the Multiple Award Schedule Program Due to Significant Price Variability* (Report Number A240052/Q/6/P26001, February 12, 2026).

variability exists because: (1) contracting officers did not adequately evaluate proposed product pricing, (2) contractors submitted inaccurate data to GSA Advantage!, and (3) key FAS policies and procedures addressing MAS Program pricing issues are unused and ineffective. As a result, federal customer agencies are at risk of overpaying for products purchased through the MAS Program.

To address these deficiencies, we recommended that FAS resume iterations of the Competitive Pricing Initiative; strengthen its policies, procedures, and guidance; and increase oversight and controls to reduce price variability in the MAS Program.

- During FY 2026, we issued an alert memorandum that identified deficiencies in GSA's protection of sensitive information.[13] Specifically, we found documents and correspondence containing sensitive information are exposed in GSA's Google Groups to users with GSA email accounts who do not have a legitimate business need to know. Some examples include:
    - U.S. Air Force correspondence, marked as controlled unclassified information (CUI), detailing procurement cost and configuration data for government-furnished equipment;
    - Defense Contract Audit Agency correspondence and an audit report marked as CUI. This report includes audit findings and proprietary information for a U.S. Department of Defense contractor; and
    - GSA documentation, marked as CUI, including cybersecurity risk assessments of some government contractors.

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.

GSA Is Not Consistently Addressing 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. However, GSA is not consistently addressing findings identified in our audit reports.

During FY 2026, we completed eight implementation reviews of the corrective actions GSA took in response to previously issued audit reports. Our implementation reviews found that GSA completed corrective actions for seven audit reports. However, we found that GSA did not fully

[13] *Alert Memorandum: Sensitive Information Exposed in GSA's Google Groups* (Memorandum Number A260019, October 14, 2025).

take the corrective actions to address our September 2024 report, *FAS's Office of Assisted Acquisition Services Should Improve Its Oversight and Administration of Classified Contracts*.[14] Specifically, we found that FAS's Office of Assisted Acquisition Services (AAS) did not complete corrective actions to:

- Conduct a review of all active AAS Level 2 contracts to ensure that all contract security classifications adhere to AAS's current policy and definitions; and
- Update existing controls to monitor and ensure compliance with contract security classifications by verifying compliance with AAS security classification policies during existing internal contract reviews.

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: 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 operations and maintenance 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. PBS must consider the building's operations and maintenance costs, as well as its utilization rate, function, and sale potential in the local real estate market. Additionally, as part of its disposal strategy, PBS must consider the building's current use and tenant agency occupancy, as well as 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

[14] *Implementation Review of Corrective Action Plan: FAS's Office of Assisted Acquisition Services Should Improve Its Oversight and Administration of Classified Contracts, Report Number A230065/Q/3/P24001, September 16, 2024* (Assignment Number A260034, July 20, 2026).

new space. Aging buildings marked for disposal may also have infrastructure concerns requiring additional congressional appropriations, which further complicates the disposal effort.

In March 2026, GSA submitted a prospectus to Congress to help fund these efforts. [15]Under the prospectus, GSA proposed a $451,267,000 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 space …." It adds that "Federal agencies have identified lack of resources as the main challenge in achieving optimal utilization of workspaces."

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 nonprofit organizations, 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).[16] 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 continues to contend with these property disposal challenges with less staff. PBS's Office of Real Property Disposition staffing is down approximately 40 percent since the federal government's Deferred Resignation Program, which could affect the ultimate success of the accelerated disposal initiative.

Meeting the Operations and Maintenance Needs of Federal Buildings

PBS continues to face challenges in managing the maintenance and repair needs of its aging portfolio of owned buildings. PBS often has to 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.

[15] *Prospectus – Alteration Optimization Program Various Buildings* (Prospectus Number POP-0001-MU27, March 30, 2026).

[16] PBS can transfer surplus properties for these purposes at less than fair market value or no cost.

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 2025 *Agency Financial Report*, GSA reported approximately $6.2 billion in total estimated costs of deferred maintenance for its building inventory. This was a 1.64 percent increase from FY 2024 and a 412 percent increase from FY 2016.

Figure 1. GSA's Reported Deferred Maintenance Costs for FYs 2016–2025 (in Billions of U.S. Dollars)[17]



We recently reported on weaknesses in PBS's building maintenance and repairs of security fixtures at GSA-controlled facilities. For example, in March 2026, we reported that in accordance with a 2023 memorandum of agreement between GSA and the Federal Protective Service, GSA is responsible for the installation, maintenance, and repair of security fixtures at GSA-controlled facilities; however, GSA is not consistently addressing deficient security fixtures at GSA-controlled facilities, leaving the facilities and occupants at risk from security threats.[18]

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 execution of PBS's capital construction program, in addition to PBS's small and reimbursable projects. OPD is responsible for data analysis, project measures, information technology tools, project manager training and certification, cost and schedule management, and project risk identification and management. OPD's capital

[17] GSA *Agency Financial Reports* for FYs 2016–2024.

[18] *GSA Is Not Consistently Addressing Deficient Security Fixtures at GSA-Controlled Facilities* (Report Number A240039/P/5/R26004, March 24, 2026).

construction projects result in newly constructed, altered, leased, or purchased facilities where essential federal work is done.[19]

As of July 2026, PBS reported 273 active capital construction projects, with aggregate values of more than $10.9 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 contracts, a project delivery method often used for large, complex capital construction projects.

In response to our *Assessment of GSA's Management and Performance Challenges for FY 2026*, PBS stated that it has proposed legislation to: (1) facilitate access to the full amount of the annual Federal Buildings Fund's revenues and collections, and (2) increase GSA's prospectus threshold. 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 the administration of its capital construction program.

Construction Management services. 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.[20] As a result, PBS has allowed construction managers to perform inherently governmental functions, including developing independent government 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.[21] PBS allowed the construction

[19] Capital construction projects are projects that exceed the prospectus threshold, currently $4.109 million, and require congressional approval.

[20] *Audit of the GSA Public Buildings Service's Use of Construction Management Services* (Report Number A150028/P/4/R20009, September 4, 2020).

[21] *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: (1) awarded construction management services for a $5.6 million project funded by the Infrastructure Investment and Jobs Act at inflated pricing and (2) paid for services that were not received.[22] Specifically, 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: (1) sufficient oversight controls are in place and followed to prevent construction managers from performing inherently governmental functions and (2) 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 for PBS because nearly 70 percent of its capital construction workforce was subject to a reduction in force or opted into the Deferred Resignation Program in FY 2025.

Construction Manager as Constructor contracts. Construction Manager as Constructor (CMc) is a project delivery method 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 Recovery and Reinvestment 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.[23] We noted that PBS is:

- Not ensuring that construction contractors properly accumulate and record project costs, preventing PBS from relying on a contractor's cost records for contractor payments and shared savings calculations;
- Improperly adjusting the contract's guaranteed maximum price, leaving PBS at risk of overpaying for construction services; and

[22] *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).

[23] *Improvement Needed in PBS's Use of Construction Manager as Constructor Contracts* (Memorandum Number A220057, August 17, 2022).

- 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.[24] We found that PBS is not:

- Using the CMc project delivery method properly, resulting in excessive costs and violations of federal law and regulations;
- Properly negotiating the fee for contract changes, resulting in violations of federal law and acceptance of unallowable costs; and
- Ensuring that contractors properly accumulated and recorded project costs, which increased the risk of overpayments.

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

Infrastructure Investment and Jobs Act and Inflation Reduction Act

The Infrastructure Investment and Jobs Act (IIJA) provided GSA with $3.418 billion for the acquisition, construction, and repair and alteration of 26 land ports of entry (LPOEs). It also provided funding 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.[25] 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 managers;
- Managing potential delays and cost overruns;
- Preparing and maintaining complete and accurate documentation;
- Awarding effective construction contracts; and
- Safeguarding access to LPOEs.

These challenges were demonstrated through audit reports and memorandums issued as a result of our ongoing oversight of PBS's projects funded by the IIJA, including the following:

[24] *PBS's Administration of Construction Manager as Constructor (CMc) Contracts Needs Improvement* (Report Number A230058/P/5/R25006, September 15, 2025).

[25] *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).

- **September 2024 audit report –** 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.[26] 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 demonstrated the risks arising from rushed attempts to obligate IIJA funding.
- **March 2025 alert memorandum –** We reported that during the San Luis I LPOE expansion and modernization project, PBS did not take the appropriate steps to ensure the construction contractor complied with applicable security requirements covering the use of drones.[27] 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.
- **July 2025 alert memorandum –** We reported that numerous contractor and subcontractor employees who worked on the San Luis I LPOE expansion and modernization project either failed or did not undergo the required security screening, creating a need for additional oversight to ensure security vulnerabilities were addressed.[28] The alert memorandum showed the challenges associated with executing construction projects while safeguarding access to LPOEs.

The Inflation Reduction Act of 2022 (IRA) provided GSA with nearly $3.4 billion for low-embodied carbon materials in construction and renovation projects, emerging and sustainable technologies, and high-performance green buildings. The act targets reducing the federal government's carbon footprint associated with building materials and encourages new technology for a net-zero operational emissions federal building portfolio. However, in July 2025, the One Big Beautiful Bill Act rescinded unobligated IRA funds. *Figure 2* on the next page shows the initial IRA funds allocated by category compared to the funds obligated before rescission.

[26] *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).

[27] *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).

[28] *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).

Figure 2. Obligated IRA Funds Before Rescission

IRA Category	Allocated Funding ($)	Obligated Funding (Before Rescission) ($)
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
Total	**$3,375,000,000**	**$1,845,380,383**

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 March 2025, the Program Management Office overseeing the IIJA and IRA projects was reduced by 75 percent (from 20 employees to 5 employees). The Program Management Office is also scheduled to report to the Office of Project Delivery during the PBS reorganization.

PBS must continue to take steps to address the challenges identified in our August 11, 2022, memorandum, as well as any identified through the Program Management Office, to ensure the successful delivery of both 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 2026, PBS awarded more than $3.12 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.

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.

Due to their complexity and unique nature, ESPCs and UESCs present PBS with numerous management challenges. For example, in July 2025, we reported on deficiencies in PBS's award

and administration of an ESPC task order supporting 10 buildings across Texas and Louisiana.[29] Under an ESPC, PBS is responsible for ensuring that baseline measurements, which are used as the basis for calculating contract savings, are properly defined, verified, and witnessed. However, rather than witnessing and verifying contractor-submitted data, PBS relied on the contractor-submitted data to negotiate guaranteed energy savings and annual savings performance goals on the $43 million contract. As a result, PBS has no assurance that the savings calculations are correct.

In August 2025, we reported on deficiencies in PBS's oversight of another ESPC contract covering GSA-controlled buildings in and around Los Angeles, California.[30] 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 (Anderson 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.

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 the 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 4: Streamlining and Centralizing Procurement

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 the MAS Program, managing supply chain risk, and consolidating government procurement. While these initiatives are intended to help FAS meet GSA's commitments, they also create challenges to FAS's ability to meet its mission.

Streamlining the MAS Program

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

[30] *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).

Beginning in 2016, FAS has transformed its MAS Program through the implementation of several initiatives and tools. These include the transactional data reporting (TDR) pilot; use of automated pricing tools; and the move to reduce and possibly eliminate duplicative, underutilized, and noncompliant MAS contracts. However, FAS is continually challenged to ensure that it manages these initiatives effectively and that it meets its core objective of leveraging the government's buying power.

Using TDR to support pricing decisions for MAS contracts. FAS has not effectively implemented the TDR pilot and has not made it functional for pricing decisions. Prior to starting 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 pilot, 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 MAS and non-MAS contracts. It would also allow GSA's customers to improve their ability to compare prices prior to placing orders under MAS contracts. However, this never materialized; instead, FAS shifted emphasis to collecting TDR data.

Currently, TDR data is barely used for pricing, and it is still plagued and challenged by quality and usage issues. Specifically, as of July 14, 2026, more than 79 percent of reported TDR MAS sales data in FY 2026 is not usable because reported part numbers do not match what is awarded on contract. In addition, contracting personnel are not given access to the complete sets of TDR data. While FAS incorporates TDR data into its automated pricing tools, it only includes TDR pricing data for products when an item is sold by five or more companies 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 almost exclusively only available for sales of products, which make up less than 20 percent of MAS sales.

Despite these issues with the TDR pilot program, FAS required TDR for all MAS contracts beginning July 1, 2026. 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 the limited use of the TDR data it collects. With TDR expanded to all MAS contracts, FAS will continue to be challenged with ensuring that GSA schedule pricing provides the best value for ordering agencies.

Reliability of automated pricing tools for MAS contracts. Instead of making contract decisions based on available commercial or TDR sales data, FAS contracting personnel largely rely on the use of automated pricing tools, such as the Contract-Awarded Labor Category tool for services contracts and the Pricing 2.0 tool for products contracts, to determine fair and reasonable pricing. These tools are populated with pricing data from various sources, including 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 contract price of one contractor to the contract price of another contractor. Pricing tools generally do not consider the actual prices paid by commercial or government customers and thus do not ensure the government is receiving the best value. As a result, FAS contracting personnel are missing opportunities to leverage the government's buying power, and FAS has no assurance that it is providing ordering agencies with the best value for ordering critical supplies and services.

Managing Supply Chain Risk

Supply chain risk management remains a major challenge for FAS and the entire federal government. Due to its unique responsibility and increased role in federal acquisition and contracting, 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 and other bad actors.

John S. McCain National Defense Authorization Act for Fiscal Year 2019. 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 into 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 that are intended to reduce that risk. Notwithstanding these efforts, the volume of information technology products available through GSA contracts is substantial; therefore, detecting potential prohibited telecommunication items is resource-intensive.

In July 2023, we reported that FAS's reliance on contractors' assertions regarding NDAA Section 889 was inadequate and that other controls and processes FAS had put in place, including its Prohibited Products Robomod process, were insufficient.[31]

[31] *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).

In addition to our audit work in this area, a more recent 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.[32] 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 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 of 1979. 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 United States or a TAA-designated country, with limited exceptions. Examples of countries that are not TAA-designated are China, India, Iran, Iraq, and Russia.

In January 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 the government's COVID-19 response.[33] 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.

Then, in January 2024, we reported that Office of GSA IT (GSA IT) employees misled a contracting officer with egregiously flawed information to acquire 150 Chinese-made, TAA-noncompliant videoconference cameras.[34] We also reported that the TAA-noncompliant cameras were susceptible to security vulnerabilities.

In April 2026, we issued an alert to federal agencies to be aware of possible product substitution through GSA Advantage![35] Federal agencies had reported cases where substituted

[32] 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/archives/opa/pr/leader massive-scheme-traffic-fraudulent-and-counterfeit-cisco-networking-equipment.

[33] *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).

[34] *GSA Purchased Chinese-Manufactured Videoconference Cameras and Justified It Using Misleading Market Research* (Report Number A220070/A/6/F24002, January 23, 2024).

[35] *Alert: Federal Agencies - Beware of "Bait and Switch" Product Substitution Schemes.* https://www.gsaig.gov/news/alert-federal-agencies-beware-bait-and-switch-product-substitution-schemes.

products did not comply with the TAA and were manufactured in TAA-noncompliant countries, such as China. We recommended that federal agencies confirm the country of origin before ordering a product and check "made in" markings upon receipt. In addition, we requested that if agencies became aware of TAA noncompliance, they should report it to the GSA Office of Inspector General.

More recently, in August 2026, GSA called for a comprehensive review of the U.S. AbilityOne Commission to verify the country of origin of the products it sells to the Federal Government.[36] GSA took this action after it found multiple examples of mislabeled AbilityOne-associated technology products on GSA's procurement platforms. GSA found that these products were labeled to be from the United States but were actually from China and other foreign countries.

Recent cases assisted by our Office of Investigations further support this ongoing challenge. In May 2025, a contractor and its owner entered into a $300,000 civil settlement agreement with the United States to resolve allegations that it failed to comply with TAA and Buy American Act requirements.[37] The contractor had an MAS contract to supply LED lights and lighting products. It certified compliance with the TAA and failed to identify any foreign products on its product list each year. The government contended that the owner falsely certified that the contractor was providing agencies with TAA-compliant end products when, in fact, some of the end products were manufactured in China.

In July 2024, a telecommunications contractor 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. The contractor was awarded an 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 demonstrated, GSA faces multiple challenges in managing supply chain risks. GSA recognizes this challenge and has put some controls in place. However, our past work has found that some of those controls are insufficient. Our findings, coupled with the growing number of contracts and contract vehicles that GSA is now responsible for, demonstrate that GSA is increasingly challenged to monitor these contracts to ensure compliance and protect customer agencies from foreign adversaries and other bad actors.

[36] The U.S. AbilityOne Commission is an independent federal agency that oversees the AbilityOne Program. The AbilityOne Program is intended for Americans with disabilities to deliver high-quality, American-made, mission essential products and services to federal agencies through quality employment opportunities.

[37] The Buy American Act restricts federal agencies from purchasing foreign goods by providing that only unmanufactured articles, materials, and supplies that have been mined or produced in the United States, and only manufactured articles, materials, and supplies that have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured in the United States, shall be acquired for public use unless … their acquisition [would] be inconsistent with the public interest or their cost to be unreasonable.

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 $481.4 billion in FY 2025. As part of GSA's implementation of the executive order, GSA created the Office of Centralized Acquisition Services (OCAS) to help federal agencies obtain contracting support to buy common goods and services.

With the centralization of the government's procurement function, FAS faces challenges as it: (1) absorbs other agencies' contracting operations with contracting staff lacking expertise and knowledge of GSA contracting vehicles; (2) inherits contracts that may not comply with GSA contracting standards; and (3) relies significantly on artificial intelligence (AI) and automation, something that has been problematic in the past for GSA.

Newly hired contracting staff lack expertise and knowledge of GSA contracting vehicles. A consolidation of this scale would require GSA to increase its buying operations to 20 times its current level; however, many of FAS's newly hired contracting staff may lack the specialized expertise and knowledge of using GSA and other federal indefinite-delivery, indefinite-quantity contracting vehicles. Although FAS lost a significant number of its contracting staff, OCAS has hired contracting staff from PBS, GSA staff offices, and other agencies. However, many of the newly hired contracting staff do not have an FAS contracting background, and less than 40 percent of the contracting staff have the required warrants necessary to negotiate on behalf of the U.S. government. To absorb the contracting operations of other agencies, FAS will need to ensure its contracting staff gain expertise and knowledge of GSA contract vehicles and obtain appropriate contract warrants.

Contracts transferred from other agencies may not comply with GSA contracting standards. In accordance with the executive order, OCAS supports agencies as they transition their procurement authority for designated contracts to GSA and provides direct contracting officer support for common goods and services. As contracts are transferred to GSA, OCAS will inherit contracts awarded by the customer agencies. However, the contract files and supporting documentation may not comply with GSA contracting standards. To ensure consistency, compliance, and quality, OCAS will need to standardize transferred acquisitions and internal processes.

Reliance on AI and automation. Since GSA took over the procurement operations for the U.S. Office of Personnel Management, U.S. Small Business Administration, and U.S. Department of Housing and Urban Development during its initial pilot, it has signed agreements to perform procurement functions for more than 25 other federal agencies. To take on such a large contract portfolio, GSA is planning to pilot AI and other automation solutions to address capacity constraints and accelerate procurement timelines. We have found that GSA has not effectively implemented automated solutions in the past. For example:

- In November 2023, we issued a report on GSA's claimed savings by its robotic process automation (RPA) program.[38] We found that GSA lacked evidence to support its claims that the "bots" developed under the RPA program were generating savings.[39] Specifically, GSA was not verifying the actual work hours saved with end-users of its bots, causing its assertion in the FY 2020 *Agency Financial Report* that its RPA program reclaimed more than 240,000 work hours annually to be inaccurate and unreliable. GSA is also 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.[40] 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. Finally, GSA's RPA program did not establish an 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 contracting staff lacking expertise and knowledge of GSA contracting vehicles; (2) inherits contracts that may not comply with GSA contracting standards; and (3) relies significantly on AI and automation, something that has been problematic in the past for GSA.

Challenge 5: Improving Contract Administration

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 *Assessments of GSA's Management and Performance Challenges* for FYs 2025 and 2026, we continue to find weaknesses in GSA's contract administration, across business lines and contract types.[41]

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

[39] Bots are rules-based software that simulate human actions on a computer, such as copying data, filling in forms, signing into applications, and analyzing data.

[40] *GSA Should Strengthen the Security of Its Robotic Process Automation Program* (Report Number A230020/B/T/F24004, August 6, 2024).

[41] *Assessment of GSA's Management and Performance Challenges for Fiscal Year 2025* and *Assessment of GSA's Management and Performance Challenges for Fiscal Year 2026*.

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

- In August 2025, we reported on deficiencies in PBS's oversight of an ESPC covering a number of GSA-controlled buildings in Santa Ana and Long Beach, California.[42] 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, leading to a series of fire and life safety deficiencies.

- In September 2025, we issued a report regarding PBS's award and administration of Construction Manager as Constructor (CMc) contracts.[43] PBS uses the CMc project delivery method as one of its primary methods for performing large capital construction projects. From June 2009 to May 2024, PBS used the CMc project delivery method for 90 construction projects, totaling approximately $7.4 billion.

  To ensure that the government does not overpay for construction, PBS must follow specific regulations and guidance to award and administer CMc contracts. However, we found deficiencies in PBS's administration of CMc contracts. For example, we found that PBS did not ensure that construction contractors properly accumulated and recorded project costs, which increased the risk of overpayments.

As an agency, GSA is responsible for administering many different contracts—including contracts awarded in support of other federal agencies. While GSA has taken action to improve its contract administration efforts by strengthening policy, addressing performance and training needs of contracting staff, and implementing contract administration process improvements, problems continue.

[42] *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).

[43] *PBS's Administration of Construction Manager as Constructor Contracts Needs Improvement* (Report Number A230058/P/5/R25006, dated September 15, 2025).

Because GSA has responsibility over federal contracting and continually has issues with contract administration, significant taxpayer dollars are at risk. Given its role in government-wide acquisitions, it is imperative for GSA to continue evaluating its contract administration processes and procedures to identify and implement additional corrective actions.

Challenge 6: Managing Agency Cybersecurity Risks

Like all federal agencies, GSA is dependent upon 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 and 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 2025 and 2026, we reported on threats to sensitive information maintained by GSA.[44] 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:

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

Recent reports issued by our office demonstrate the importance of controlling access to GSA systems to protect this sensitive information. For example, in April 2025, we issued a memorandum to alert GSA management to documents found in GSA's Google Drive that contained sensitive information.[45] These documents were accessible by all GSA Google Drive users, including contractors, who did not have a legitimate business need to know the

[44] *Assessment of GSA's Management and Performance Challenges for Fiscal Year 2025* and *Assessment of GSA's Management and Performance Challenges for Fiscal Year 2026*.

[45] *Alert Memorandum: Sensitive Information Exposed in GSA's Google Drive* (Memorandum Number A250043-2, April 18, 2025).

information. Then, in October 2025, we issued another alert memorandum on sensitive information exposures in GSA's Google Groups.[46] We found documents and correspondence containing sensitive information exposed in GSA's Google Groups to users who did not have a legitimate business need to know.

Despite our notifications, security incidents related to the exposure or release of sensitive information to employees, including contractors and vendors as identified in both memorandums, continue to occur. Since January 2026, we have identified several security incidents involving improper access controls and the leakage of CUI or PII.

Due to the sensitive data contained within Agency systems, GSA's efforts must continue to strengthen monitoring of access to Agency systems and data to protect against the intentional or unintentional release of sensitive information.

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. Although GSA systems were not directly affected, the corporate networks of multiple GSA vendors were victims of such attacks between May 2025 and March 2026. Below are specific examples of the vendor attacks:

- **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.
- **June 2025 –** A GSA vendor faced a ransomware event attributed to the Play ransomware variant.[47]
- **August 2025 –**A GSA vendor suffered a ransomware attack affecting approximately 1.1 terabytes of data.
- **March 2026 –** A Russian ransomware gang attacked a GSA vendor, compromising GSA data.

GSA must continue to ensure the appropriate management, operational, and technical security controls are implemented to manage and mitigate potential cyberthreats to its resources and operations.

[46] *Alert Memorandum: Sensitive Information Exposed in GSA's Google Groups* (Memorandum Number A260019, October 14, 2025).

[47] 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.

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 government resources, including the Social Security Administration, the 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 PII, facilitate the transfer of government funds, and conduct other mission-critical government business.

In FY 2025, we saw a number of website spoofing incidents targeting federal government domains that are tied to Login.gov. 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 unwittingly given their credentials to the attackers or because their devices have been compromised by malware delivered via these spoofed sites.

In FY 2026, security incidents were reported involving the creation of potentially fraudulent or compromised Login.gov accounts. For example, a security incident was reported concerning potentially fraudulent Login.gov accounts that were involved in changing user account information for the U.S. Railroad Retirement Board. Additionally, Login.gov has been used to attack other GSA services, such as when Login.gov accounts were used as part of social engineering attacks targeting the System for Award Management website, SAM.gov.

In August 2026, the Office of Management and Budget (OMB) released OMB Memorandum M-26-18, *Scaling Use of Login.gov to Deliver a Universal Sign-on for Public Services*, enforcing Login.gov as the universal sign-on for accessing public services online. Agencies are required to offer Login.gov as a sign-on option for all in-scope, public-facing websites. Also, GSA is required to coordinate with OMB to publish a guide on best practices for Login.gov implementation and with the National Institute for Standards and Technology for the expansion of service offerings. These requirements, along with the increased adoption of Login.gov, highlight the importance for continued investment in the security of the system.

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. Additionally, GSA

will have to balance the requirement to expand the service offerings of Login.gov with also ensuring the adequate security and protection of the system and its users.

System for Award Management

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

In 2025, bad actors continued their efforts to impersonate GSA acquisition officials to profit from unsuspecting government vendors. This activity continued into FY 2026; security incidents involving threat actors compromising SAM accounts continue to be reported. Threat actors have employed methods such as social engineering attacks targeting SAM.gov customers to compromise their accounts, creating risk for users as well as GSA. SAM has also been targeted with website spoofing attacks, seeking to mislead users into interacting with a fraudulent website.

In addition to system security concerns, SAM is facing approximately $40 million in budget cuts due to significant staffing and financial changes. As a result, GSA will be challenged in determining how to continue supporting 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 executive orders and directives that promote the rapid adoption of artificial intelligence (AI). Specifically, GSA designed and launched the USAi platform at no cost to federal agencies to explore and evaluate AI capabilities for possible adoption. USAi provides three distinct products to its users:

- **Chat –** An AI assistant enabling federal employees to compare multiple AI models via a single dropdown menu;
- **Application Programing Interface (API) –** A unified API gateway provides developers with secure access to various AI models; and
- **Console –** A console for monitoring usage, managing user access, and reviewing centralized model data on performance, safety, and bias.

According to GSA IT, GSA is also using USAi internally, as well as by 17 federal agencies, with more coming soon. Additionally, GSA's AI Oversight Committee has authorized USAi

to interact with and process CUI. Therefore, it is imperative that GSA ensure the implementation of robust IT security controls to protect the security of sensitive government information.

As GSA expands both its own AI adoption and its efforts to provide AI services across the Federal Government, it should continue to ensure proper security controls are in place around the models it is using. Recent examples in the private sector have highlighted the danger of AI models having insufficient security controls, such as the July 2026 Hugging Face AI compromise.[48]

In the Hugging Face incident, an AI development company was testing AI models when it purposefully disabled certain safeguards. The AI company claims it disabled these safeguards "so that the results would reflect a model's true capabilities." During these tests, the AI models breached the isolated environments they were supposed to be contained in. The AI models began communicating with one another and even exploited a cybersecurity vulnerability in one of OpenAI's internal tools to gain access to the internet. From there, the AI models found credentials for Hugging Face users exposed on the internet and used those credentials to conduct a successful cybersecurity attack on Hugging Face.

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.

IT Personnel Losses

GSA has expressed concern that ongoing personnel and organizational changes could negatively affect its ability to meet its goals. In 2026, GSA IT told us it experienced a 44 percent personnel loss. According to the GSA Chief Information Officer, these personnel losses have led to an approximately 65 percent reduction in GSA IT's capacity to deliver. In particular, the personnel losses were concentrated among high-performing employees. Furthermore, the losses experienced were not uniform across the organization. In fact, some teams within GSA IT had losses of as few as 10 percent, while some teams experienced up to a 100 percent loss in personnel. With a decline in security personnel and increased scrutiny over contractors and security contracts, there are concerns that such significant personnel losses could lead to a period of reduced capacity that threat actors can seek to exploit.

[48] Hugging Face is a company that maintains an open-source community that builds tools, machine learning models, and platforms for working with artificial intelligence.

To contend with its personnel losses, GSA IT reorganized its operations in February 2026. The primary goal of this reorganization was to fill in the organizational gaps caused by personnel departures while still meeting GSA's business objectives.

GSA IT management will remain challenged with addressing the impacts from the loss of institutional knowledge and the risk that these losses will affect its ability to meet its mission and goals.

IT Oversight

In 2025 and 2026, we issued the following memorandum and report that showed issues with GSA IT's oversight of security controls within its applications:

- In April 2025, we issued a memorandum detailing the improper access controls within GSA's Google Drive.[49] As a result of the improper access controls established for GSA's Google Drive, we identified files containing sensitive information that were accessible to all of GSA's users without a legitimate need to know the information. This information exposure increased the risk of unauthorized parties, including cyber threat actors, to potentially exploit GSA's sensitive information.
- In March 2026, we issued a report that identified several issues with GSA IT's oversight of a Federal Risk and Authorization Management Program (FedRAMP) authorized cloud service.[50] FedRAMP-authorized cloud service providers (CSPs) must adhere to a continuous monitoring process that meets both FedRAMP and Agency security policies. However, we determined that GSA IT failed to: (1) exercise proper oversight authority to ensure that the CSP was complying with the requirements established by FedRAMP's guidance, and (2) ensure that the CSP mitigates security vulnerabilities in a timely manner.

Taken together, these reports show a pattern in which GSA IT's lack of oversight has resulted in increased risk to the confidentiality, integrity, and availability of the data and services it provides.

GSA will continue to be challenged with ensuring sufficient oversight is provided for the continuous monitoring activities of its cloud service providers. GSA will also have to ensure that the appropriate access controls are implemented for the protection of CUI in GSA's Google environment. Further, GSA will be challenged with establishing additional controls to safeguard the improper acquisition, authorization, and security for its IT networking systems.

[49] *Alert Memorandum: Sensitive Information Exposed in GSA's Google Drive* (Memorandum Number A250043-2, April 18, 2025).

[50] This report is not available to the public due to the sensitive information it contains.

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 more than 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. These requirements are 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 2025, we reported that the PBS Pacific Rim Region (PBS Region 9) grossly mismanaged the battery systems at the Glenn M. Anderson Federal Building (Anderson Building) and the Ronald Reagan Federal Building and U.S. Courthouse, resulting in health and safety issues.[51] We found that PBS Region 9 failed to ensure that the battery systems were properly maintained by the energy service company, resulting in a battery explosion, hazardous materials leaks, an injury, and a fire at the Anderson Building. Although the battery systems were disconnected after the battery system fire at the Anderson Building in April 2023, the battery systems and associated health and safety hazards remained in both buildings for years.
- In September 2025, we issued a memorandum notifying the Acting PBS Regional Commissioner that PBS building management had routinely bypassed the fire alarm system and monitoring service at the Richard B. Russell Federal Building and U.S. Courthouse in Atlanta, Georgia.[52] This practice, which had occurred since at least 2015, violated PBS policy and National Fire Protection Association codes. Although PBS subsequently stopped bypassing the fire alarm system and monitoring service except for legitimate purposes, such as repairs and inspections, this long-term practice placed building occupants and visitors at risk of fire hazards.
- In March 2026, we reported that the PBS National Capital Region (PBS NCR) did not fully comply with fire protection requirements for the U.S. Tax Court Building in Washington,

[51] *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* (A230079/P/4/R25005, August 20, 2025).

[52] *Alert Memorandum: Fire and Life Safety Hazards at the Richard B. Russell Federal Building and U.S. Courthouse in Atlanta, Georgia* (Memorandum Number A250047-2, September 29, 2025).

D.C.[53] We found that some fire doors in the building did not comply with fire protection standards because they did not close and latch properly to contain smoke and fire. We also found that PBS NCR did not consistently comply with fire protection requirements to conduct and document fire drills and did not implement a building-specific fire evacuation plan. These deficiencies were caused by ineffective oversight by PBS NCR and the contracting officer's representative. Without corrective actions and proper monitoring, these deficiencies place building occupants and visitors at risk of fire hazards.

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.

Challenge 8: Securing Federal Facilities

As landlord for the Federal Government, GSA has a responsibility to ensure that GSA-controlled space is constructed, operated, and maintained in a safe, secure, and healthful manner.[54] 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.[55] 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.[56] 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 the facility's occupants and visitors.

We alerted the PBS Commissioner that this is the second time we identified security concerns related to using foreign-made drones to photograph LPOE construction sites. In September 2024, our office reported similar concerns related to drone usage on a LPOE paving project

[53] *PBS NCR Did Not Fully Comply with Fire Protection Requirements for the U.S. Tax Court Building* (Report Number A250046/P/2/R26003, March 16, 2026).

[54] 40 U.S.C. 582, *Management of buildings by Administrator of General Services*; and 41 C.F.R. 102.

[55] *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).

[56] 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.

completed by the PBS Northeast and Caribbean Region (PBS Region 2) at New York State's northern border.[57]

This is not the only security vulnerability similarity between these two LPOE 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.[58] In our September 2024 report on PBS Region 2's paving project, we also found that PBS: (1) did not adequately enforce security requirements for construction personnel who worked on the project task order, (2) did not ensure that background security checks were completed for construction personnel, and (3) was unaware that the contractor did not submit the names of all construction personnel for background security checks.

In late FY 2024, we reported that significant security vulnerabilities persisted in child care centers located inside GSA-controlled buildings. In September 2024, we issued an implementation review report of the corrective actions PBS took in response to the recommendations contained in our January 2020 audit report on child care centers in GSA- controlled buildings.[59] 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 in GSA-controlled buildings that contain child care centers.

In December 2025, pursuant to the Thomas R. Carper Water Resources Development Act of 2024, we issued an audit report on the cost and operational impacts of crime and public safety to GSA-owned federal buildings.[60] During our 4-year audit period, the U.S. Department of Homeland Security's Federal Protective Service reported more than 11,000 crime incidents in and around over 750 GSA-owned federal buildings.[61]

[57] *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).

[58] *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).

[59] *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).

[60] *Audit of the Impact and Cost of Crime on GSA Building Operations* (Report Number A250032/P/6/R26001, December 1, 2025).

[61] The audit period was October 1, 2020, through September 30, 2024.

Most of the crime incidents occurred at 68 GSA-owned federal buildings. Three main factors contributed to the elevated levels of crime in and around these buildings: (1) the proximity of the buildings to high-crime neighborhoods, (2) the types of public services offered at each building, and (3) the amount of foot traffic.

More recently, we issued an audit report in March 2026 that found GSA is not consistently addressing deficient security fixtures at GSA-controlled facilities, leaving the facilities and occupants at risk from security threats.[62] We found that these deficiencies occurred because, among other things: (1) GSA staff were not consistently fulfilling their facility security responsibilities and (2) funding constraints prevented the installation and upkeep of security fixtures.

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

Challenge 9: Managing the Technology Transformation Service

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 FAS.

In FY 2027, TTS will focus on six priority programs: (1) Integrated Award Environment (Sam.gov), (2) Login.gov, (3) IT Modernization Centers of Excellence, (4) FedRAMP, (5) USAi.gov, and (6) Cloud.gov. Prior audits have recommended improvements to TTS's (or its components') management controls related to oversight, financial management, performance, and IT. However, TTS has experienced significant instability recently. In 2025, TTS ended all its noncritical and non-statutorily required work (e.g., 18F, an original TTS program) and dismissed associated personnel.

Further, TTS has experienced turnover in its leadership ranks—it has not had a permanent director since January 2026. The last acting TTS director split his time between being the White-House-appointed Federal Chief Information Officer (CIO) and acting TTS director. The current acting TTS director splits his time between being the U.S. Department of the Treasury's CIO, acting FAS deputy commissioner, acting assistant commissioner for Login.gov, and acting TTS director. With a lack of dedicated and consistent leadership and reduced staff, TTS remains at risk of misspent money, lax controls, and degradation of services for the customer agencies it serves.

[62] *GSA Is Not Consistently Addressing Deficient Security Fixtures At GSA-Controlled Facilities* (Report Number A240039/P/5/R26004, March 24, 2026).

Challenge 10: Procuring and Using Artificial Intelligence

GSA's efforts to deploy artificial intelligence (AI) have increased dramatically over the past year and a half. GSA has launched new AI tools across the enterprise that are designed to support staff in their daily work and is continually evaluating additional uses of AI. FAS also plays a critical role in accelerating government-wide AI adoption by streamlining procurement, establishing security standards, and providing shared tools.

Key AI initiatives include launching USAi for testing models, utilizing FedRAMP to prioritize AI authorization, and facilitating OneGov AI agreements for cost-effective procurement.

According to GSA, FAS provides centralized acquisition solutions to assist agencies in acquiring AI tools more efficiently; these solutions are aimed at reducing duplication of effort and lowering costs. FAS also touts its assistance to the workforce through resources like the *Generative AI and Specialized Computing Infrastructure Acquisition Resource Guide* and the AI Community of Practice. Finally, FAS works on accelerating the security authorization of conversational AI engines designed for repeated federal use through its FedRAMP 20x initiative.

With FAS accelerating the use of AI government-wide and having the responsibility for establishing the terms and conditions by which most government agencies will procure AI, it ultimately has the challenge of ensuring sensitive data government-wide is safeguarded. GSA is attempting to mitigate this challenge through proposed amendments to the General Services Administration Acquisition Regulation (GSAR) that would impose new contractual terms on vendors. Industry pushed back on GSA's initial GSAR clause proposal. GSA has drafted a revised GSAR clause that is also anticipated to receive significant industry feedback. This compounds FAS's challenge to establish regulatory language that safeguards sensitive data while also allowing the government to benefit from cutting-edge technologies.

GSA Management and Performance Challenges for Fiscal Year 2027 Response (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. GSA concurs that many of the challenges identified by the OIG require agency action, and GSA has been taking substantive steps to address them.

Implementation of GSA-wide Reorganization Efforts

To address the challenges created by GSA's implementation of widespread staffing reductions in FY 2025, GSA conducted robust workforce planning and strategic reorganizations. As the Administration's priorities evolved, GSA's workforce planning resulted in an agency Strategic Hiring Plan focused on key mission-critical positions aligned with those priorities. The Federal Acquisition Service (FAS) centralized common acquisition functions and supporting infrastructure to support the Administration's goal to improve and consolidate procurement functions. The Public Buildings Service (PBS) reorganized to eliminate its regional structure and centralize similar regional functions under analogous headquarters portfolios. These reorganizations enabled the Services and Staff Offices to optimize the resulting structure and address workforce and functional gaps.

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. To ensure comprehensive oversight and alignment across all operations, GSA integrates key risk and compliance initiatives, such as governance restructuring and targeted fraud prevention into a unified agency-wide framework.

In FY 2026, GSA established the Risk Management Council, a forum for GSA's leadership to engage in candid and honest discussion around the agency's priorities. GSA leveraged and merged existing groups to create channels for risk-informed decision-making without overburdening council members. The refreshed risk governance structure established a three-tiered framework to proactively address risk and performance discussions at staff, mid-management, and senior leadership levels.

In FY 2026, GSA continued to expand its agency-wide fraud risk management efforts. The agency joined the White House Task Force to Eliminate Fraud,[63] established by Executive Order 14395, contributing its Federal procurement, technology, and operational expertise to the Administration's accountability initiative. In doing so, GSA convened key personnel to evaluate fraud risk exposure, assess program vulnerabilities, and coordinate mitigation strategies across

[63]On May 28, 2026, GSA announced it is joining the White House Task Force to Eliminate Fraud, bringing the full force of its Federal procurement, technology, and operational expertise to one of the administration's most aggressive Government accountability initiatives to date. Established under Executive Order 14395 on March 16, 2026, the Task Force, chaired by Vice President JD Vance, leads the Federal Government's concerted efforts to uncover and eliminate waste, abuse, and illicit activities across Federal benefit programs.

agency operations. The agency also integrated fraud risk evaluations into annual operational self-assessments and assessed fraud risk for product substitution within construction management. In partnership with the GSA's OIG, GSA delivered specialized fraud risk training and briefings, continued quarterly touchpoints to review ongoing cases, and enhanced mandatory annual internal controls training with dedicated fraud prevention modules.

Maximizing the Performance of GSA's Real Property Inventory

GSA continues to pursue a portfolio strategy that combines accelerated disposition of assets no longer needed, improved utilization, and targeted investment in properties that remain critical to agency missions. PBS continues to strengthen the management of its facilities while addressing identified challenges in portfolio data, oversight, and operational processes.

The scale and condition of the portfolio must be considered in the context of the resources and authorities available to GSA. For more than a decade, roughly $1 billion per year in rent collections and other revenues deposited into GSA's Federal Buildings Fund (FBF) has been diverted from maintaining public buildings and instead used to fund operations at other agencies, which represents a present value of $22 billion of diverted funds. The continued shortage of funding has left GSA without sufficient resources needed to maintain its existing federally owned building inventory, facilitate space consolidation activities, and meet customer mission and safety requirements.

Furthermore, with the FY 2027 prospectus threshold for construction, alteration, and lease projects at $4.109 million, the Administration is pursuing legislative reform that would raise the threshold for routine and emergency maintenance to $75 million and for other prospectus transactions to $10 million. The $4.109 million threshold impedes the completion of critical repairs, limits revitalization efforts, and significantly hinders GSA's efforts to reduce the size of the Federal real estate portfolio through consolidation and optimization. GSA continues to pursue the congressional budget cycle to support PBS's ongoing disposition, utilization improvement, and delinquent liability reduction efforts through individual building capital projects. Specifically, the FY 2027 President's Budget requests $451 million for the Optimization Program, which will allow GSA to accelerate consolidations and divest underperforming assets more quickly, and $500 million for the basic repairs and alterations program.

Despite PBS's funding limitations, GSA disposed of 15 GSA-controlled properties in FY 2026, reducing its footprint by 4.5 million square feet, generating $455.6 million in gross revenue and avoiding more than $984 million in delinquent maintenance and operating expenses. These disposition efforts, combined with consolidating leased space and negotiating rates below market, totaled $1.909 billion in taxpayer cost avoidance and enabled more efficient use of Federal space.

PBS continues to strengthen delivery and oversight of its capital construction program. It has completed corrective actions from OIG's audit of Construction Manager as Constructor contracts, including project-team training, revised contract-file requirements, improved change-management and cost-reconciliation procedures, and stronger controls for selecting, awarding, and administering Construction Manager as Constructor contracts. OIG also found that PBS took appropriate corrective actions on the Calexico West Land Port of Entry project,

requiring no further action. PBS's March 2026 project-management framework further reinforces accountability for scope, schedule, budget, and risk through closeout. In FY 2026, PBS exceeded all project management goals with 95 percent of construction projects on schedule and 88 percent on budget. Together, these actions and results demonstrate PBS's continued progress in improving oversight of projects and stewarding Federal real-property investments.

In FY 2026, PBS completed its first full year under its reorganized operating model, stabilizing its eight new national business lines, realigning roles and reporting structures, hiring critical personnel positions, and shifting from legacy regional practices to standardized enterprise processes. Through this reorganization, PBS has continued, and will continue, to strengthen management practices, streamline processes, prioritize available resources based on mission need and risk, and pursue the authorities and funding needed to improve the condition and performance of the Federal real-property inventory.

Streamlining and Centralizing Procurement

FAS is undertaking several initiatives that will have a major impact on its acquisition solutions and is confident that balancing the Multiple Award Schedule (MAS) Program, managing supply chain risk, and consolidating Government procurement will yield significant improvements as FAS seeks to cut waste, improve Government operations, and deliver better outcomes for taxpayers.

FAS continued to implement initiatives and tools in FY 2026 to streamline the MAS Program, reduce Government and contractor burden, and improve acquisition outcomes. These efforts include implementing the Revolutionary FAR Overhaul (RFO), expanding Transactional Data Reporting (TDR), strengthening pricing tools, data-quality tools, and rightsizing the contract portfolio and catalog. Significant progress was made by implementing the RFO and aligning the MAS solicitation and guidance with the revised RFO framework. This work advances expanded ordering flexibilities, broader use of Order-Level Materials, and simplified requirements through the combination and removal of clauses. FAS also advanced implementation planning for General Services Acquisition Manual/General Services Administration Acquisition Regulation (GSAM/R) changes that simplify pricing evaluations and enable evergreen contracts, providing greater flexibility for the acquisition workforce while reducing recurring administrative burden.

In FY 2026, FAS expanded mandatory TDR to all MAS Special Item Numbers (SINs), establishing a consistent program-wide reporting framework. FAS continued contractor outreach and transition support to implement the expansion and improve the quality and use of transactional data for pricing analysis and acquisition decisions. Planned improvements include completing implementation across MAS contracts, enhancing data-quality tools and processes to improve transactional-to-catalog matching, and strengthening procedures to verify reported product information.

FAS continued to enhance its pricing tools through Pricing 2.0, incorporating improved analytics and commercial price anchors to support consistent, data-informed determinations of fair and reasonable pricing. Planned efforts include an updated Competitive Pricing Initiative and recurring reviews to identify and address outlier pricing through targeted price reductions,

product deletions, or other appropriate mitigation actions. The Compliance & Pricing report and FAS Catalog Platform (FCP) support workforce price analysis and contractor visibility into pricing information. Continued FCP migration and baseline product-file implementation are modernizing catalog management and improving data consistency. These efforts also strengthen alignment between awarded products and published catalogs and support automated controls over catalog changes and temporary price reductions. Additionally, FAS plans to expand manufacturer-sourced data through the Verified Products Portal and engage industry on ways to improve the identification and comparison of configurable products.

FAS advanced MAS rightsizing and catalog curation, bringing cumulative results to 1,513 unnecessary contracts eliminated, more than 40 low-demand SINs removed, and approximately 45 million catalog items removed. Contract reductions represent estimated annual administrative savings of approximately $23 million across GSA and contractors.

FAS also plans to strengthen workforce support for price analysis through sampling guidance and planned training on manual market research, available tools, and authoritative data sources when automated tools do not provide sufficient information. Additionally, FAS continues to simplify the MAS solicitation and vendor instructions, seeking opportunities to eliminate unnecessary steps and duplicative requirements, and improve the clarity and consistency of submission and review processes. These ongoing efforts include identifying opportunities to use technology and automation to reduce manual work, minimize rework, and improve efficiency for contractors and the acquisition workforce.

For Supply Chain Risk Management (SCRM), GSA continues to prioritize security and compliance and treats SCRM as a top management challenge. In FY 2026, FAS matured its SCRM capability from foundational implementation into a standardized, operational program integrated across the MAS, Governmentwide Acquisition Contracts (GWAC), Blanket Purchase Agreements, and Multiple Award Contract vehicles. GSA finalized and signed the Entity Risk Assessment Guide, establishing a consistent and defensible assessment methodology, and launched the SCRM Portal as the system of record for assessment activity.

GSA continues to apply a risk-based model that focuses capacity on the highest-value supply chain risk work, combining pre-award entity risk assessments with ongoing monitoring. GSA's pre-award assessments directly enabled the secure award of major Governmentwide vehicles, including risk reviews supporting new GWAC awards, verifying cybersecurity, Foreign Ownership, Control, or Influence, and prohibition compliance. For post-award monitoring, GSA deployed in-house alert automation that tracks cybersecurity posture for enrolled suppliers, including critical vulnerabilities, security score changes, and reported incidents, and we recovered analyst capacity for higher-value risk analysis. GSA continues to expand the set of suppliers and portfolios covered. In parallel, automated marketplace monitoring supported the FAS-wide identification and removal of non-compliant products from GSA Advantage!®.

Thanks to onboarding of MAS contracts into the FAS Catalog Platform (FCP), which integrates the contract modification process with automated publishing of items on GSA Advantage!®, the screening of the Compliance & Pricing report has detected over 818,000 products with SCRM

flags submitted for modification in FY 2026 (through August 2026) and prevented 720,000 items with SCRM flags from award and publication. Since inception in FY 2023, FCP has prevented

2.7 million items with SCRM flags from being awarded on contract.

For centralizing government procurement, GSA is collaborating with the Office of Management and Budget (OMB) to establish Governmentwide benchmarks for consolidating common and customized contract vehicles in alignment with Executive Order 14240 (“Eliminating Waste and Saving Taxpayer Dollars by Consolidating Procurement”) and OMB Memorandum M-25-31 (“Consolidating Federal Procurement Activities”). To support agencies in meeting these goals, FAS provides data-driven insights that identify opportunities to transition spending to shared services and efficient Governmentwide vehicles, while offering comprehensive support throughout the transition. Additionally, GSA will conduct targeted training and communications to ensure stakeholders are fully aligned on expectations, schedules, and available resources.

FAS has delivered positive benefits while supporting the larger goal of consolidation of Government procurement. For example, shared service providers like the Treasury Common Services Center have been able to sunset operations while successfully transitioning some of their client contract portfolios to FAS. In addition, the organization has been able to improve acquisition lead times compared to pre-consolidation client agency baselines.

Improving Contract Award and Administration

Recognizing the OIG’s assessment that contract administration is a key management challenge, GSA is committed to continuously improving and strengthening its oversight. GSA is focused on ensuring our lead contract oversight officials are optimally equipped with the necessary training and resources to excel and drive enhanced program performance. As part of this multifaceted commitment, GSA is actively working to reintegrate acquisition-related performance expectations into Contracting Officer’s Representative performance plans, intensifying the Acquisition Review Board’s (ARB) upfront focus on contract administration during pre-award reviews, and implementing post-award ARB sampling for complex or high-value GSA-awarded actions. Additionally, GSA seeks to inform and educate the acquisition workforce on the suite of available Indefinite-Delivery/Indefinite-Quantity vehicles. This effort is intended to support procurement consolidation, promote greater standardization of performance requirements, and improve overall acquisition efficiency and effectiveness.

Managing Agency Cybersecurity Risks

GSA is committed to safeguarding its IT infrastructure, mission systems, and sensitive data in an increasingly complex cyber-threat environment. GSA continues to identify and implement technical solutions, processes, and controls to mitigate evolving threats as malicious actors seek new ways to penetrate and navigate Government networks and systems undetected. Guided by Executive Order 14028, “Improving the Nation’s Cybersecurity,” and OMB Memorandum M-22-09, “Moving the U.S. Government Toward Zero Trust Cybersecurity Principles,” GSA continues implementing a Zero Trust architecture to enhance its security posture. This includes advancing identity-centered, risk-based access, expanding Zero Trust Network Access capabilities, strengthening identity, credential, and access management, and improving phishing-resistant and impersonation-resistant authentication. These efforts reduce reliance on legacy perimeter-based defenses and strengthen protection of GSA systems and data.

GSA continues to partner with the Cybersecurity and Infrastructure Security Agency (CISA) in advancing Federal cybersecurity capabilities. Our partnership improves visibility, detection, coordinated response, and risk-based remediation across the enterprise. GSA is also strengthening its oversight of security controls across cloud services, collaboration platforms, and mission applications. These efforts include improving access governance, continuous monitoring, vulnerability management, and protections for Controlled Unclassified Information, Personally Identifiable Information (PII), and other sensitive data.

GSA proactively manages risks from suppliers and technology partners through a mature Cyber Supply Chain Risk Management (C-SCRM) program. The program maintains visibility into critical suppliers, supports supplier risk assessments and monitoring, incorporates supply chain risk considerations into procurement processes, and uses specialized capabilities such as hardware testing, supplier illumination tools, and incident response coordination. The program also adapts to evolving cyber threats by integrating risk considerations into procurement and coordinating responses to incidents, such as ransomware and malware attacks, that could affect GSA data, systems, or operations.

The third-party vendor attack cited in the Management Challenges report refers to a May 2025 incident that also illustrates how GSA's security tools protect agency resources. A GSA employee visited a vendor's website that had been covertly compromised and was serving malware to visitors. GSA's Endpoint Detection and Response tool detected the malicious activity and blocked it before it could infect the employee's laptop.

Additionally, through continued implementation of Zero Trust, partnership with CISA, stronger IT oversight, enhanced third-party risk management, and a mature C-SCRM program, GSA remains committed to protecting its systems, safeguarding sensitive information, and adapting to evolving cyber threats.

Super Intelligence (SI) continues to support the transformation of work at GSA. GSA's USAi platform gives Federal agencies access to a secure environment that supports the full SI adoption life cycle from exploration and comparison to evaluation and production use. GSA recognizes that rapid SI adoption must be accompanied by strong security, privacy, governance, and risk management controls. To support responsible deployment, GSA maintains oversight through the Evidence-Based Data Governance Executive Board and the SI Oversight Committee, which enforce security and privacy policies and manage SI use cases across the agency. GSA strengthens USAi's security posture by applying Federal security standards to platform design and operations, protecting sensitive Government information, monitoring usage and access, managing user permissions, evaluating model performance and bias, assessing risks from third-party integrations, and refining security testing, vulnerability management, and incident response processes based on lessons learned from public and private-sector SI security incidents.

GSA is committed to carefully controlling access to sensitive information available on its network. GSA appreciates OIG's notification regarding potential access control issues and takes these concerns seriously. GSA conducted a comprehensive review to assess the scope and potential impact of these exposures. Based on this assessment, GSA did not identify any evidence that sensitive information was actually accessed or shared externally. GSA remains

committed to strengthening its security posture and continuously works to enhance processes and controls surrounding the protection of sensitive information across the agency. These ongoing efforts include the implementation of additional technical controls, regular security assessments, and refined governance practices designed to prevent unauthorized access and ensure the confidentiality and integrity of sensitive information.

Following a significant reduction in IT personnel, GSA IT used the February 2026 reorganization to stabilize and strengthen the organization by redesigning it around greater efficiency, stronger collaboration, and enhanced mission delivery. To address remaining workforce gaps, GSA IT developed a business case for additional cybersecurity hires and is using specialized hiring authorities to support targeted recruitment for priority positions. While recent personnel losses have increased workload and operational risk, the combination of organizational realignment, focused prioritization, and active recruiting is stabilizing IT operations and rebuilding the capacity needed to sustain our delivery posture.

GSA continues to strengthen the security and resilience of the Login.gov platform in response to evolving cyber threats, including website spoofing, fraudulent or compromised accounts, credential theft, malware-enabled attacks, and social engineering schemes. As the public's one account for Government, Login.gov plays a critical role in protecting access to services that contain PII, support the transfer of Government funds, and enable mission-critical Government operations.

In FY 2026, Login.gov provided authentication and identity verification services to 54 Federal agencies and State partners. As adoption expands, including through Governmentwide efforts to make Login.gov a universal sign-on option for public-facing digital services, platform security and ecosystem protection remain top priorities.

Login.gov's fraud prevention and security teams work with partner agencies and external stakeholders to identify, prevent, and deter malicious activity affecting Login.gov and the services that rely on it. These efforts include monitoring and taking down spoofed websites, detecting fraudulent account creation and account compromise attempts, strengthening interagency threat intelligence sharing, and improving detection of suspicious account activity and emerging attack patterns. These actions help partner agencies identify potential compromises more quickly, reduce unauthorized access, and limit the ability of bad actors to exploit Login.gov credentials or accounts.

Login.gov also continues to improve the user experience while maintaining strong protections against identity fraud. In FY 2026, Login.gov reduced access barriers by expanding acceptable forms of identification, including mobile driver's licenses and U.S. passports, and by offering in-person proofing at U.S. Postal Service locations. Login.gov also worked to reduce dead ends in the identity verification process for legitimate users.

In FY 2027, Login.gov will focus on scaling these capabilities as adoption grows, supporting broader implementation across public-facing Government services, incorporating leading technologies and practices through public- and private-sector collaboration, and maintaining a sustainable cost model that supports continued investment in security, fraud prevention, and platform resilience.

Cybersecurity is a priority of the Integrated Award Environment (IAE); therefore, the program has a robust continuous prevention and monitoring process with a multi-layered framework of preventative controls in place to address concerns surrounding account compromises, social engineering, phishing, and website spoofing targeting SAM.gov. Key safeguards include mandatory multi-factor authentication and secure single sign-on via Login.gov, granular role-based access permissions, auto-generated one-time passwords, and masking user contact information to prevent phishing. Additionally, SAM.gov leverages the Entity Validation Service to verify the legal existence and addresses of registered entities while continuously monitoring records for unauthorized changes or suspicious activity. SAM.gov leverages these safeguards, oversight, and risk-based resource allocations to maintain critical operations, protect public users, and preserve system integrity under ever emerging risks and constraints.

Providing a Safe Work Environment

GSA is committed to providing safe and healthy environments for building occupants, employees, contractors, and visitors. GSA has established processes to identify, track, and address facility-level safety conditions and continues to strengthen contractor oversight and compliance with applicable environmental and occupational safety requirements. GSA has completed corrective actions addressing identified fire protection and asbestos management deficiencies, with an OIG implementation review confirming completion of the asbestos corrective actions.

At the same time, recent OIG work demonstrates that consistent facility-level implementation remains an important focus. GSA is strengthening facility-level oversight, including contractor performance, risk condition tracking, abatement, and compliance with applicable safety requirements. GSA will continue to prioritize significant safety and environmental risks based on their severity and potential impact while pursuing the resources and operational capacity needed to address these needs across its portfolio.

Securing Federal Facilities

GSA's facility-security framework relies on coordination among the U.S. Department of Homeland Security–Federal Protective Service, the Interagency Security Committee, the U.S. Department of Justice–Marshals Service, Facility Security Committees or single tenant, GSA's Office of Mission Assurance, and PBS. Within this framework, PBS supports security through its landlord and asset-management responsibilities, and the Office of Mission Assurance serves as the technical expert on all security-related building needs while coordinating with security partners on facility requirements and implementation.

GSA has taken actions within its responsibilities to strengthen facility-security management, including clarifying security responsibilities, updating countermeasure guidance, conducting a nationwide assessment of deficient security fixtures, and creating an agency-wide risk register that provides GSA visibility into current facility vulnerabilities. GSA has also completed corrective actions addressing prior child-care security findings and has provided supporting documentation for OIG review.

Specifically, for GSA-controlled facilities occupied by a significant number of GSA employees, GSA has implemented a centralized process to assess situational impacts. As part of this effort, GSA identified a senior onsite liaison for each facility to communicate employee questions and concerns to the new Site Management Council, which comprises the GSA Chief Human Capital Officer, the GSA Associate Administrator of Mission Assurance, the GSA Chief Administrative Services Officer, and a senior PBS representative. While the liaison serves as a point of contact, the Site Management Council will coordinate agency responses and decision-making for issues affecting employees or building operations.

GSA will continue to strengthen coordination among the organizations responsible for facility security. PBS will support these efforts through its landlord and asset-management responsibilities, including addressing security-related building needs and coordinating with Office of Mission Assurance, the Federal Protective Service, and other security partners.

Management of the Technology Transformation Services

In FY 2027, GSA's Technology Transformation Services (TTS) is focused on priority programs, including but not limited to America.gov, Login.gov, IAE, SAM.gov, FedRAMP, and emerging products built to meet the Administration's and GSA's priorities. TTS is enhancing and delivering successful IT infrastructure and digital shared services with oversight, internal controls, financial sustainability, performance and human capital at the forefront. FY 2026 successes include 1) Successful launch of the America.gov platform; 2) FedRAMP 20x accelerated the adoption of new Federal cloud services and software by issuing 92 new FedRAMP Certifications, including 66 through Rev5 and 26 through 20x; 3) The IAE continues to modernize, consolidating 76 percent of its legacy systems into SAM.gov; and 4) Login.gov continues to deploy to Federal agencies as a single universal sign-on and identity verification platform. TTS continues to focus on stabilizing key leadership and critical staff roles across priority programs, successfully hiring and onboarding the Assistant Commissioner and the Deputy Assistant Commissioner for the Office of Awards, Regulatory & Oversight Systems, which oversees SAM.gov. GSA's Office of Human Resources Management (OHRM) and TTS have also focused on filling technical roles by using multiple hiring authorities, shared certifications, and cross-government hiring initiatives, such as the Office of Personnel Management's (OPM) Tech Force, onboarding 29 new employees between January and September 2026. TTS has other hiring initiatives to fill critical positions.

As part of a multi-phase reorganization planned through FY 2027, TTS reorganized in FY 2026 and focused on increasing the effectiveness of solution delivery through consolidating offices and products into a concise, efficient management structure that enhanced leadership oversight, flexibility in technical expertise and resources, and realigned products, projects and services resulting in continued cost savings. This effective management of strategy and resources paved the way for the successful launch of the America.gov platform, a first-of-its-kind digital gateway that utilizes industry-leading SI tools to usher in the Golden Age of the citizen experience by making it simple for the American people to access Government services and support. TTS is positioned to achieve its goals and deliver continued value to stakeholders. Key drivers of this success include the early successful launch, FY 2027 targets for increased Login.gov adoption, and sustained oversight of governance, cybersecurity, service reliability, and fraud reduction.

Additionally, progress continues with the ongoing modernization of IAE, targeting over 90 percent consolidation by FY 2028 and the evolution of the FedRAMP 20x process toward continuous, iterative improvement.

Procuring and Using Artificial Intelligence

GSA recognizes the risks associated with procuring and using SI, particularly with respect to cybersecurity, privacy, data protection, supply chain risk, vendor lock-in, and appropriate human oversight. To address these risks, GSA is implementing a layered risk management approach that combines standardized acquisition terms, technical platform guardrails, and operational controls.

GSA is strengthening baseline SI acquisition requirements through MAS terms and conditions, including GSAR clause 552.239-7001, "Basic Safeguarding of Data within Large Language Model Artificial Intelligence Systems," addressing data ownership, privacy, security, safety, and compliance. These terms prohibit SI vendors and large language model (LLM) developers from using government prompts, inputs, outputs, or related data to train, fine-tune, or improve commercial models or services for other customers. The clause implements several Executive orders regarding SI, including Executive Order 14179, "Removing Barriers to American Leadership in Artificial Intelligence," and Executive Order 14319, "Preventing Woke AI in the Federal Government." It also implements several procurement policy memoranda, including OMB Memorandum M-26-04, "Increasing Public Trust in Artificial Intelligence Through Unbiased AI Principles," and OMB Memorandum M-25-22, "Driving Efficient Acquisition of Artificial Intelligence in Government."

GSA is also partnering with LLM developers and other SI providers to make training, guidance, and resources available to agency users. These resources will help agencies understand appropriate use cases, limitations of SI-generated outputs, data handling responsibilities, human oversight expectations, and common implementation risks. By pairing acquisition expertise with vendor-provided technical training and responsible-use guidance, GSA aims to reduce agency missteps and support effective, secure, and mission-aligned adoption of SI capabilities.

Other GSA Statutorily Required Reports (Unaudited)

Debt Management

GSA reported $192.6 million of outstanding debt from non-federal sources, subject to the Debt Collection Improvement Act of 1996 (DCIA). Of that amount, $29.9 million, or 15.5 percent, of the outstanding debt was delinquent at the end of FY 2026. 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 Treasury's Bureau of the Fiscal Service for cross-servicing collection. During FY 2026, GSA managed collections of non-federal claims valued in excess of $173.9 million, of which $21.6 million in delinquent claims were referred to the U. S. 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 receivable and claims is a high priority for the agency.

Cash and Payments Management

The Prompt Payment Act, along with the DCIA, requires the timely payment of commercial obligations for supplies and services using electronic funds transfer. In FY 2026, GSA paid $393,427 in interest (or $10.80 in interest per million disbursed) on $36.4 billion in disbursements subject to the Prompt Payment Act. The statistics for the current year:

	2026
Total Number of Invoices Paid	1,634,710
Total Dollars Disbursed (in billions)	$36.4
Total Dollars of Interest Penalties (in millions)	$0.39
Interest Paid per Million Disbursed	$10.80
Percentage of Invoices Paid-On-Time	99.8%
Percentage of Invoices Paid Late	0.2%
Percentage of Invoices Paid Electronically	100%

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	89 FR 103662 12/19/2024

Pursuant to OMB Memorandum M-26-11, [d]ue to the government shutdown, BLS [Bureau of Labor Statistics] was unable to produce the October 2025 data. Based on the lack of October 2025 CPI-U data, which [was] needed to make adjustments under the 2015 Act, there [was] no updated cost-of-living adjustment multiplier for 2026 and agencies [continued] using the 2025 civil monetary penalty levels as applicable.

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Acronyms and Abbreviations (Unaudited)

ACRONYM	DEFINITION
AAS	Assisted Acquisition Services
ADA	Antideficiency Act
AFR	Agency Financial Report
AI	Artificial Intelligence
APG	Agency Priority Goal
API	Application Programing Interface
ASF	Acquisition Services Fund
BAT	Building Assessment Tool
BLS	Bureau of Labor Statistics
CAS	Centralized Acquisition Services
CBP	Customs and Border Protection
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act
CFR	Code of Federal Regulations
CFO	Chief Financial Officer
CIO	Chief Information Officer
CMc	Construction Manager as Constructor
CPI-U	Consumer Price Index for All Urban Consumers
COVID-19	Coronavirus Disease of 2019
CSBR	Combined Statements of Budgetary Resources
CSP	Cloud Service Providers
CSRS	Civil Service Retirement System
CUI	Controlled Unclassified Information
CY	Calendar Year
DATA Act	Digital Accountability and Transparency Act of 2014
DCIA	Debt Collection Improvement Act of 1996
DM&R	Deferred Maintenance and Repairs
DOL	U.S. Department of Labor
ESCO	Energy-Service Companies
ESPC	Energy Savings Performance Contracts
FAR	Federal Acquisition Regulation
FAS	Federal Acquisition Service
FASAB	Federal Accounting Standards Advisory Board
FASTA	Federal Assets Sale and Transfer Act
FBF	Federal Buildings Fund
FBwT	Fund Balance with Treasury
FCI	Facility Condition Index
FCSF	Federal Citizen Services Fund
FDA	Department of Health and Human Services-Food and Drug Administration
FECA	Federal Employees' Compensation Act
FedRAMP	Federal Risk and Authorization Management Program

FERS	Federal Employees Retirement System
FFMIA	Federal Financial Management Improvement Act of 1996
FIT	Furniture and Information Technology program
FMFIA	Federal Managers' Financial Integrity Act of 1982
FPMR	Federal Property Management Regulation
FRPC	Federal Real Property Council
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GDA	Geospatial Data Act of 2018
GIS	Geographic Information Systems
GS&S	General Supplies and Services
GSA	U.S. General Services Administration
GSA IT	Office of GSA's Chief Information Officer
GSAM	General Services Acquisition Manual
GSAR	General Services Administration Acquisition Regulation
GTAS	Government-wide Treasury Account Symbol Adjusted Trial Balance System
ICE	Immigration and Customs Enforcement
IIJA	Infrastructure Investment and Jobs Act
IRA	Inflation Reduction Act
IT	information Technology
KPI	Key Performance Indicator
LPOE	Land Port of Entry
MAS	Multiple Award Schedule
NDAA	National Defense Authorization Act
OA	Occupancy Agreement
OCAS	Office of Centralized Acquisition Services
OGP	Office of Government-wide Policy
OFPP	Office of Federal Procurement Policy
OMB	Office of Management and Budget
OPD	PBS's Office of Project Delivery
OPM	U.S. Office of Personnel Management
P3	Public Private Partnerships
PALT	Procurement Administrative Lead Time
PBS	Public Buildings Service
PBS Region 2	PBS Northeast and Caribbean Region
PEGASYS	GSA's core financial system of record
PII	Personally identifiable information
PIIA	Payment Integrity Information Act of 2019
PP&E	Plant, Property and Equipment
PPAs	Power Purchase Agreements
Q4	Fourth quarter of the year
PS&HC	Professional Services and Human Capital
R&A	Repairs and Alterations

REC	Renewable Energy Credit
RIF	Reduction in Force
RPA	Robotic Process Automation
RTU	Right to Use
SAM	System for Award Management
SBR	Statement of Budgetary Resources
SF 133	Standard Form Reports on Budget Execution and Budgetary Resources
SFFAS	Statement of Federal Financial Accounting Standards
SI	Super Intelligence
SSA	U.S. Social Security Administration
STR	Short-Term Rental
TAA	Trade Agreements Act of 1979
TAS	Treasury Account Symbol
TDR	Transactional Data Reporting
TMF	Technology Modernization Fund
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	U.S Department of the Treasury
USPS	U.S. Postal Service
USSGL	U.S. Standard General Ledger
WCF	Working Capital Fund


GENERAL SERVICES
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