U.S. General Services Administration
Office of Inspector General

October 13, 2022

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ADMINISTRATOR (A)

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INSPECTOR GENERAL (J)

SUBJECT: Assessment of GSA's Management and Performance Challenges for Fiscal Year 2023

As required by the Reports Consolidation Act of 2000, Public Law 106-531, we have prepared for inclusion in the Fiscal Year 2022 Agency Financial Report the attached assessment summarizing what we consider to be the most significant management and performance challenges facing GSA in Fiscal Year 2023.

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

1. Establishing and Maintaining an Effective Internal Control Environment
2. Improving Contract Administration
3. Enhancing Government Procurement
4. Maximizing the Performance of GSA's Real Property Inventory
5. Managing Agency Cybersecurity Risks
6. Safeguarding Federal Facilities and Providing a Secure Work Environment
7. Managing the Electrification of the Federal Fleet
8. Managing the Impact of COVID-19

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

OFFICE OF INSPECTOR GENERAL'S ASSESSMENT OF GSA'S MANAGEMENT AND PERFORMANCE CHALLENGES FOR FISCAL YEAR 2023

Challenge 1: Establishing and Maintaining an Effective Internal Control Environment

The U.S. General Services Administration (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 the U.S. Government Accountability Office's (GAO's) publication GAO-14-704G, *Standards for Internal Control in the Federal Government*. However, we remain concerned about GSA's control environment.

Importance of Internal Control

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

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

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

Continuing Internal Control Problems

Since our *Assessment of GSA's Management and Performance Challenges for Fiscal Year 2019*, we have cited pervasive internal control weaknesses as a challenge for GSA. As described in the examples below, this trend continued in Fiscal Year (FY) 2022.

Significant Deficiencies in Multiple Award Schedule Pricing. The Federal Acquisition Service's (FAS's) Multiple Award Schedules (MAS) Program is a major government-wide contracting vehicle. In FY 2021 alone, sales through the program exceeded $37 billion. During FY 2022, we reported on significant problems with FAS's use of transactional data and pricing tools that threaten the MAS Program's ability to meet its mission and comply with laws and regulations. We describe these reports below.

- In September 2022, we reported that FAS cannot provide assurance that MAS contract pricing complies with the Competition in Contracting Act of 1984 (CICA).[1] According to the 1984 act, the procedures established under the MAS Program are competitive as long as MAS orders and contracts result in the lowest overall cost alternative to meet the government's needs. However, after examining 20 recent MAS contract and option awards, we found that FAS price analyses cannot provide customer agencies with assurance that orders placed against MAS contracts will result in the lowest overall cost alternative.

  Our audit analyzed the pricing methodologies FAS used on MAS contracts that participate in the Transactional Data Reporting (TDR) pilot, as well as contracts that required Commercial Sales Practices (CSP) disclosures, and found that the price analyses under both methodologies were deficient. When performing price analyses on TDR pilot contracts, FAS contracting personnel do not have access to TDR data that can be used for pricing decisions and as a result, they mainly compared proposed pricing to other MAS and government contracts using automated pricing tools and flawed analysis techniques. However, this approach does not provide customer agencies with assurance that FAS achieved pricing that reflects offerors' best pricing and will result in the lowest overall cost alternative to meet the government's needs. In addition, 7 of the 11 FAS contracting personnel we interviewed expressed concerns to us about the TDR pilot's value to the MAS Program and concluded that, in their opinion, the TDR pilot should be canceled.

  Meanwhile, when performing price analyses for contracts subject to the CSP requirement, FAS contracting personnel frequently accepted commercial pricing information from offerors that was unsupported, outdated, or that identified no comparable commercial sales. As a result, FAS cannot provide customer agencies with assurance that MAS contract pricing will result in the lowest overall cost alternative to meet the government's needs.

- In July 2022, we issued an alert memorandum informing FAS that its plan to expand the TDR rule to the entire MAS Program despite ongoing data quality and access issues could place government agencies at risk of overpaying for products and services when ordering from FAS's MAS contracts.[2] The TDR pilot has been in effect within the MAS Program for over 5 years and has yet to accomplish its intended purpose. FAS's

[1] *FAS Cannot Provide Assurance that MAS Contract Pricing Results in Orders Achieving the Lowest Overall Cost Alternative* (Report Number A200975/Q/3/P22002, September 30, 2022).

[2] *Alert Memorandum: FAS is Planning to Expand the Transactional Data Reporting Rule Despite Ongoing Data Quality and Access Issues* (Memorandum Number A210081-2, July 18, 2022).

collection of TDR data is not being used to make decisions that affect pricing. This is due to a myriad of issues, including that the TDR data is inaccurate and unreliable and FAS contracting personnel do not have access to data that can be used for pricing decisions. Due to these continuing issues, FAS cannot ensure that TDR meets its primary objective to "fulfill the CSP and PRC [Price Reductions Clause] contract-level pricing negotiation function while lowering industry reporting burden."

Significant Deficiencies with Air and Water Quality in Re-Opened GSA Facilities. GSA must protect the health and safety of tenants and visitors by ensuring that its owned and leased space complies with the Centers for Disease Control and Prevention's (CDC's) guidelines for air and water quality. However, during FY 2022, we reported that air and water quality in GSA-owned and leased space did not meet CDC guidelines.

- In September 2022, we reported that GSA's Public Buildings Service (PBS) faces challenges in its efforts to meet the CDC's recommendations for improving building ventilation to slow the spread of the coronavirus disease of 2019 (COVID-19) in the workplace.[3] To improve ventilation, the CDC recommends increasing air filtration to the highest possible level without significantly reducing air flow. It also advises employers to check air handling unit air filters to ensure they are within their service lives and are appropriately installed.

  We found that PBS cannot install the recommended MERV 13 air filters in some GSA-owned facilities because the aging heating, ventilation, and air conditioning (HVAC) systems cannot handle MERV 13 air filters.[4] In addition, PBS is not consistently verifying that operations and maintenance (O&M) contractors change air filters or meet preventive maintenance requirements for air handling units in GSA-owned facilities. We also found that PBS is not consistently inspecting GSA-leased space to ensure that air filters meet lease requirements.

- In September 2022, we also issued an alert memorandum notifying GSA that PBS did not test water in accordance with CDC guidance prior to reopening GSA child care centers that were closed during the COVID-19 pandemic.[5] CDC guidance states that "a temporary shutdown or reduced operation of a building (for example, a school or a childcare facility) and reductions in normal water use can create hazards for returning occupants." Accordingly, the CDC guidance recommends that plumbing systems should

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[3] *COVID-19: PBS Faces Challenges in Its Efforts to Improve Air Filtration in GSA-Controlled Facilities* (Report Number A201018/P/4/R22008, September 30, 2022).

[4] The CDC guidance incorporates the American Society of Heating, Refrigeration, and Air-Conditioning Engineers technical resources, which state that the Minimum Efficiency Reporting Value of 13 or higher rated air filter are efficient at capturing airborne viruses.

[5] *Alert Memorandum: PBS Did Not Test Water Prior to Reopening Child Care Centers Closed During the COVD-19 Pandemic* (Memorandum Number A201018-8, September 6, 2022).

be checked for these hazards "before reopening after a prolonged period of building inactivity."

We found that PBS did not test for harmful metals like lead and copper prior to reopening almost all of the child care centers, including child care centers that previously reported findings of elevated lead and copper levels. Although PBS has since tested some of the re-opened child care centers, it has not tested for *Legionella* bacteria, which can proliferate in stagnant water in plumbing systems due to reduced operation.

Significant Deficiencies in Internal Control Identified by GSA's Independent Auditors. GSA's internal controls over its financial statements are also problematic. In November 2021, GSA's independent auditors identified significant deficiencies in certain information technology (IT) controls for financial systems and undelivered orders.[6]

- IT Control Deficiencies: The independent auditor reported deficiencies in controls over system access and segregation of duties for several of GSA's financial systems. Access controls are critical for IT systems because they ensure that the right people are authorized to use the system. Once access is granted, it is important to divide or segregate duties among different people to reduce the risk of error, misuse, or fraud. The auditors also found deficiencies in change and configuration management controls for one GSA financial system. Configuration controls are critical for ensuring that changes to IT systems are authorized and that systems operate securely.

  Taken together, the auditors reported that these deficiencies increase the risk of unauthorized access, disclosure, and modification to—or destruction of—financial systems and data.

- Undelivered Orders: The independent auditors also reported that, as of September 30, 2021, GSA's management review over its undelivered orders balance was not effective. The auditors found that GSA management's review control did not detect invalid undelivered orders of approximately $264 million that were recorded as an adjustment to the undelivered orders balance in FY 2020. The error was corrected in the final FY 2021 financial statements; however, the control deficiency increases the risk that material misstatements in GSA's financial statements will not be detected and corrected in a timely manner.

In sum, internal control serves as the first line of defense in safeguarding assets and helping managers achieve organizational goals through the effective stewardship of public resources. The examples above demonstrate that GSA management should continue its efforts to implement a more effective system of internal control.

[6] KPMG's *Report on the Financial Statements*, Independent Auditors' Report (November 12, 2021).

Challenge 2: Improving Contract Administration

GSA awards contracts annually for the procurement of 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. Since our *Assessment of GSA's Management and Performance Challenges for Fiscal Year 2021*, we have reported on challenges facing GSA's contract administration. As described below, we continued to identify deficiencies in GSA's contract administration in audit reports issued during FY 2022.

- In December 2021, we issued an audit report on PBS Greater Southwest Region's (PBS Region 7's) O&M contracts.[7] We performed this audit after receiving a hotline complaint claiming that inconsistent contract administration practices for O&M contracts in PBS Region 7 caused significant monetary losses to small businesses due to broad contract interpretations and varying practices by building location.

  We determined that PBS Region 7 failed to properly administer the O&M contracts by inconsistently applying the shared liability clause, paying for unallowable costs, failing to enforce staffing requirements, and not always verifying that the contractor performed required services. As a result, PBS overpaid the contractor for services and held the contractor responsible for expenses that PBS was responsible for paying.

- In a January 2022 memorandum, we identified weaknesses in FAS's controls to monitor and prohibit the sale of products that do not comply with the Trade Agreements Act (TAA).[8] To support the government's COVID-19 response, GSA issued a regulatory exception to the TAA statutory clauses for certain supplies that were not available in sufficient quantities. FAS subsequently issued guidance requiring its contracting officers to report TAA noncompliant products so that FAS could remove the noncompliant products once the exception expired.

  During our ongoing monitoring of GSA's response to COVID-19, we found that FAS contracting officers did not identify TAA noncompliant products that were added to contracts in support of the government's COVID-19 response, rendering FAS's control to monitor and roll back the use of the regulatory exception ineffective. 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. This included three

[7] *Audit of a Hotline Complaint: PBS Greater Southwest Region's Operations and Maintenance Contracts* (Report Number A190054/P/4/R22001, December 16, 2021).

[8] *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).

products with North Korea listed as a country of origin. Not only is North Korea a TAA noncompliant country, but the Federal Acquisition Regulation specifically prohibits most imports from North Korea into the United States.

GSA has taken action to improve contract administration by strengthening its policies, addressing performance and training needs of contracting staff, and implementing contract administration process improvements. However, the examples described above demonstrate that GSA must remain focused on improving its contract administration.

Challenge 3: Enhancing Government Procurement

Over the past 5 years, GSA has continued to set the strategic goal of establishing itself as the premier provider of efficient and effective acquisition solutions across the federal government. FAS has significant responsibility in meeting this goal and is undertaking the following acquisition solution initiatives:

- Transforming the MAS Program;
- Supply chain risk management;
- Implementing procurement through commercial e-commerce portals; and
- Leading the transition to the Enterprise Infrastructure Solutions contract.

While these initiatives are intended to help FAS meet GSA’s strategic goal and ensure compliance with recent legislation, the initiatives also significantly changed FAS’s processes and programs, creating challenges to FAS’s ability to meet its mission.

Transforming the MAS Program

Since 2016, FAS has implemented several initiatives and tools to transform its MAS Program. These transformation projects are aimed at consolidating schedules, using TDR for pricing, and using automated pricing tools. With the simultaneous deployment of these transformation projects, FAS is challenged to ensure they are effectively implemented, managed, and evaluated to meet its core objective of leveraging the government’s buying power.

Consolidating Schedules. With an intended goal of reducing redundancy and duplication of services, products, and solutions across multiple acquisition centers, FAS is continuing to consolidate all of its schedules into a single, all-encompassing GSA schedule. At the start of FY 2020, FAS began the consolidation process for new MAS offers, followed by an ongoing conversion of existing MAS contracts that is estimated to take at least 5 years. The goals of the consolidation are to: (1) reduce the administrative and contractual burden of maintaining duplicate contracts and (2) allow MAS contractors to provide “total solutions” under a single schedule contract.

As the consolidation continues through its final phase, FAS estimates that only 10 percent of contractors with multiple MAS contracts have consolidated to one single contract. According to FAS, it has no mechanism to compel contractors to submit and complete consolidation plans. Therefore, FAS is challenged to motivate contractors with multiple MAS contracts to complete the consolidation.

Additionally, FAS is challenged to ensure each surviving consolidated contract is: (1) assigned to an acquisition center with the expertise to administer the contract properly and (2) evaluated and negotiated in accordance with federal regulations and GSA internal policies.

Using TDR to Support Pricing Decisions for MAS Contracts. In recent years, FAS has taken steps to change how it determines fair and reasonable pricing for its MAS contracts. Historically, FAS negotiated pricing for MAS contracts to achieve the contractors' "most favored customer" pricing and discounts under similar conditions based on the contractors' commercial sales. However, FAS has steadily moved away from using commercially comparable pricing and instead has taken steps to base its MAS pricing on other government contracts for similar items.

In June 2016, FAS implemented the TDR pilot, with the stated intent to improve taxpayer value by using pricing from prior government procurements as the basis for determining fair and reasonable pricing. When contractors elect to participate in the TDR pilot, they are no longer required to provide a CSP or establish a basis of award customer for the Price Reductions Clause. Instead, FAS will evaluate prices by prioritizing the use of information that is readily available, including prices-paid information (such as TDR data), contract-level pricing information from other schedules and government-wide contract vehicles for the same or similar items (found using GSA *Advantage!* and FAS pricing tools), and commercial data sources.

In June 2021, we reported that the TDR pilot had yet to accomplish its intended purpose of improving taxpayer value.[9] We found that the TDR data FAS collects is inaccurate and unreliable, introducing additional risks associated with the potential use of this data. In addition, at the time of our fieldwork for that report, we found that most contracting personnel did not even have access to the TDR data. The GSA Senior Procurement Executive's evaluation of the TDR pilot's FY 2020 performance acknowledged the shortcomings of the data, stating, "FAS is waiting for a level of data maturity to provide official policy related to the use of the data." Nevertheless, GSA has extended the TDR pilot through at least FY 2022 and is planning to expand the TDR rule to all MAS contracts by November 1, 2022.

After learning of the planned expansion of the TDR rule, we issued an alert memorandum to the FAS Commissioner in July 2022 to inform him that the planned expansion will put agencies at risk of overpaying for products and services because FAS has not addressed the ongoing TDR

[9] *GSA's Transactional Data Reporting Pilot Is Not Used to Affect Pricing Decisions* (Report Number A140143/Q/6/P21002, June 24, 2021).

data quality and access issues.[10] In our memorandum we noted that over 64 percent of the TDR data collected for products in FY 2022 was inaccurate. As a result, this data is unusable for price comparison purposes. We also noted that the TDR data for services, which account for over 75 percent of MAS sales, is almost completely unusable and was never included in any of GSA's evaluations of the TDR pilot. As a result of these deficiencies, contracting personnel still do not have access to TDR data that can be used for pricing decision purposes.

Since the TDR data is not accurate or reliable for procurement decisions, GSA will be challenged to ensure that decisions made using this data, whether at the contractual level or at an aggregate level, are not negatively affected by the data's shortcomings. These shortcomings, if not addressed, may lead to flawed price evaluations that result in government agencies overpaying for products and services.

Further, if GSA follows through with its decision to expand the TDR rule to all MAS contracts in FY 2023 as planned, contracting personnel will continue to face significant challenges in achieving fair and reasonable contract pricing that results in the lowest overall cost alternative for the government as required by the Competition in Contracting Act of 1984.

Using Automated Pricing Tools for MAS Contracts. In recent years, FAS contracting personnel have grown increasingly reliant on FAS's automated pricing tools to evaluate pricing. Our recent audits of FAS's use of these tools have shown problems with this approach.[11]

FAS's automated pricing tools only provide pricing data from government contracts, typically other MAS contracts. Price determinations based on government-only comparison conflict with FAS's objective of negotiating and awarding pricing that results in "most favored customer" status. Comparing proposed pricing to the best prices or discounts a contractor offers its commercial customers and seeking "most favored customer" pricing in negotiations is the basis for how MAS contracts comply with the Competition in Contracting Act of 1984, which requires orders and contracts under the MAS Program to result in the lowest overall cost alternative for the government.

Moreover, when pricing tools are used, FAS has not been able to ensure that:

- Contracting personnel are using the tools and documenting the resulting price analyses in accordance with applicable regulations and policies and the intent of the MAS Program;
- The data within the tools is accurate and reliable; and

[10] *Alert Memorandum: FAS is Planning to Expand the Transactional Data Reporting Rule Despite Ongoing Data Quality and Access Issues* (Memorandum Number A210081-2, July 18, 2022).

[11] *FAS's Use of Pricing Tools Results in Insufficient Price Determinations* (Report Number A180068/Q/3/P20002, December 23, 2019) and *FAS's Use of the 4P Tool on Contract and Option Awards Often Results in Noncompliant Price Determinations* (Report Number A201045/Q/3/P22001, July 27, 2022).

- Contracting personnel are documenting their price analyses in accordance with federal regulations and FAS policy.

Collectively, these findings demonstrate that GSA faces challenges in its use of automated pricing tools. GSA must ensure that contracting personnel use these tools to leverage the collective buying power of the federal government and attain pricing that results in the lowest overall cost alternative to meet the government's needs.

Supply Chain Risk Management

Supply chain risk management remains a major challenge for FAS and across the federal government. To address these risks, Section 889 of the National Defense Authorization Act for FY 2019 prohibits federal agency purchases from restricted sources. Specifically:

- Section 889, Part A prohibits the government from purchasing or obtaining (or extending or renewing a contract to purchase or obtain) any equipment, systems, or services that use telecommunications equipment or services produced by five specific telecommunications companies and any subsidiaries or affiliates of these companies.[12]

- Section 889, Part B prohibits the government from contracting with any entity that uses equipment, systems, or services produced by the same five telecommunications companies and any subsidiaries or affiliates of these companies.

In implementing these requirements, FAS has taken several steps. FAS has made efforts to educate contractors and its workforce about the supply chain threat posed by the prohibited telecommunication companies. In addition, FAS requires contractors to certify for each contract, if they provide prohibited items to the government. FAS also developed the Prohibited Products Robomod to identify prohibited items on GSA *Advantage!*. Once a product is identified, FAS personnel review the identified items and process modifications to remove prohibited items from MAS contracts.

Despite these efforts, GSA is still challenged with identifying prohibited items and contractors that should be removed from its many contracting vehicles and platforms. Due to the volume of IT items available through GSA contracts, GSA relies on contractors' self-certifications as to whether they provide prohibited items to the government. However, this is insufficient as prohibited products continue to be found on FAS contracts and platforms.

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[12] Parts A and B of the National Defense Authorization Act for FY 2019, Section 889, require the equipment or service to be a substantial or essential component of any system, or a critical technology component of any system.

GSA must manage the risk that prohibited items could be offered under any of its thousands of MAS contracts. The possibility that customer agencies could purchase and use the prohibited items poses a national security risk to the government.

Several examples highlight this challenge. In July 2021, an online news source reported that a GSA customer purchased prohibited "white labeled" video surveillance equipment through GSA.[13] The "white labeled" goods in this case, were manufactured by a prohibited entity but carried the label of a different brand. According to the report, two prohibited manufacturers, Dahua Technology and Hangzhou Hikvision Digital Technology, had security cameras rebranded and sold under different brand names. In December 2021, another online news source reported that GSA customers purchased video surveillance equipment manufactured by Lorex Technology, Inc., a wholly owned subsidiary of Dahua Technology.[14]

As demonstrated above, GSA must prioritize, develop, and implement effective supply chain risk management policies, procedures, and practices to prevent and address these threats to the government supply chain.

Implementing Procurement through Commercial E-Commerce Portals

The National Defense Authorization Act for FY 2018, Section 846, *Procurement through commercial e-commerce portals,* required FAS, in coordination with OMB, to establish a government-wide program to procure products through multiple commercial e-commerce portals. The intent of the program is to enhance competition, expedite procurement, and gather market research for routine commercial acquisitions. In August 2020, FAS launched a 3-year preliminary test, which FAS calls a proof of concept, with three e-marketplace portal providers.[15] Customer agencies' adoption of the e-marketplace portals was faster than expected in the first year, with 45,000 individual users across 24 agencies testing the concept. In FY 2021, sales totaled about $11.7 million. As of April 2022, FAS reported $12.5 million in sales across these three portals.

The government-wide implementation of commercial e-commerce portals is a complex endeavor. FAS must address multiple challenges as it tests the concept, including:

- *Developing a comprehensive measurement plan*. In September 2021, GAO recommended that FAS develop a comprehensive plan with performance goals and time frames for measuring program implementation.[16] GAO reported that establishing a

[13] https://theintercept.com/2021/07/20/video-surveillance-cameras-us-military-china-sanctions/.

[14] https://techcrunch.com/2021/12/01/federal-lorex-surveillance-ban/#:~:text=After%20the%20ban%20came%20.

[15] The three portal providers are Amazon Business, Fisher Scientific, and Overstock.com.

[16] *GSA Online Marketplaces: Plans to Measure Progress and Monitor Data Protection Efforts Need Further Development* (GAO-21-104572, September 28, 2021).

comprehensive plan with metrics will position FAS to effectively measure whether the proof of concept has met its objectives of modernizing and streamlining purchasing and establish any changes before program expansion.

Although FAS established benchmarks and developed performance metrics in response to GAO's report, further improvements may be necessary. For example, many metrics rely on customer experience surveys as the data source; however, FAS personnel told us that the survey response rate is only 8 percent, leaving FAS with limited data to use in assessing performance. In addition, some metrics do not yet have specific targets to determine success. Lastly, FAS's performance metrics that relate to green procurement, COVID-19, and small business usage rely on contractor self-certifications, which may not accurately represent the government's spending in these areas.

- *Protecting the supply chain.* As noted above, supply chain risk management is a focus in federal acquisitions. A January 24, 2020, U.S. Department of Homeland Security report has heightened attention to counterfeiting and supply chain risk in e-commerce acquisitions.[17] In response to the GAO audit of GSA's online marketplaces cited above, FAS updated its data protections surveillance plan to cover unauthorized disclosures, data safeguarding, and third-party supplier data protections to fulfill the National Defense Authorization Act for FY 2018, Section 846 requirements. With continued sales growth, supply chain risk management should remain a critical focus for FAS.

- *Addressing additional congressional mandates.* The National Defense Authorization Act for FY 2022, Section 853, *Additional testing of commercial e-commerce portal models*, requires FAS to test additional e-commerce business models. Based on this, FAS is required to submit a report addressing, among other things, price and quality of commercial products, supply chain risk, and overall adherence to federal procurement rules and policies.

- *Effect on existing acquisition programs.* As the e-commerce program grows and is considered for permanent adoption, FAS must monitor and assess the effects the program has on existing acquisition programs. While FAS's goal for this program is to capture micro-purchase open market spending, it is possible that the e-commerce portals could have unintended negative consequences for other acquisition programs.[18] FAS will need to assess how the e-commerce program will affect its other contracting programs.

[17] U.S. Department of Homeland Security report, *Combating Trafficking in Counterfeit and Pirated Goods*.

[18] A micro-purchase is an acquisition of supplies or services using simplified acquisition procedures below an established dollar threshold. Open market spending is the purchase of items outside of a government contract vehicle, such as the GSA schedules, blanket purchase agreements, etc.

As the testing phase enters its last year, FAS officials must consider and mitigate these challenges while contemplating how to make this program permanent. FAS must also consider how e-commerce complements its other purchasing programs and how to structure the program to adopt evolving e-commerce offerings.

Leading the Transition to the Enterprise Infrastructure Solutions Contract

FAS is leading the government-wide transition from the expiring Networx telecommunications and IT infrastructure contracts to the new Enterprise Infrastructure Solutions (EIS) contracts. The EIS contracts are for 15 years and have a ceiling of $50 billion. This program provides customer agencies with common telecommunication services and IT infrastructure such as voice, cloud services, call and data centers, satellites, and wireless services.

Since the transition began in April 2016, FAS has encountered significant challenges in its efforts to move customer agencies to EIS. From delays in awarding the EIS contracts to issues with administering a task order meant to provide direct support to customer agencies, these challenges substantially affected FAS's ability to transition more than 200 customer agencies by the initial March 2020 deadline. In December 2018, FAS extended the legacy contracts and the transition deadline to May 2023 to allow more time for transition execution. Nonetheless, interim transition deadlines continued to pass without much progress. FAS established a deadline for 90 percent of services to be transitioned from Networx to EIS by March 31, 2022. However, as of March 31, 2022, FAS data showed that approximately 91 percent of customer agencies did not meet this deadline. In February 2022, FAS invoked the Continuity of Service clause in the Networx contracts until May 31, 2024, to allow an additional year for transition.

In 2021, FAS began conducting risk assessments for transition to help agencies develop a realistic estimate of their transition timing. Through this process, FAS identified agencies that may need to use the Networx contracts' Continuity of Service extension period. To do so, agencies must sign a memorandum of understanding with GSA by September 2022. Through these memorandums of understanding, FAS intends to: (1) clearly identify the ownership of the transition across functional lines within an agency and (2) stress awareness on the criticality of the transition.

According to FAS leadership, the Continuity of Service extension period is the final option to provide agencies with additional time to complete their transitions. However, some agencies may fail to transition to EIS before the contract expires, potentially leading to service interruptions. The government's prolonged use of the Networx contracts erodes potential cost savings from EIS and increases FAS's expense of administering both contract vehicles, replicating the results of the previous prolonged transition to Networx.

Challenge 4: Maximizing the Performance of GSA's Real Property Inventory

PBS must maximize the performance of its real property inventory in order to provide its tenant agencies with space that meets their needs at a reasonable cost to American taxpayers. To achieve this goal, PBS needs to determine the best approach to reduce and consolidate space, reduce leasing costs, and meet O&M needs of increasingly aging buildings, such as deferred maintenance. Further, PBS must properly administer the capital construction program and ensure effective management of energy and utility contracts.

Reducing and Consolidating Space

PBS must work with its customers to maximize the performance of its real property by identifying opportunities to reduce and consolidate space. To that end, PBS continues to request funding for consolidation opportunities, with a preference given to projects that result in an office utilization rate of 130 usable square feet per person or less and a total project payback period of 10 years or less. For FY 2023, GSA requested $30 million in support of these efforts. Additionally, PBS aims to adjust its portfolio of over 8,300 owned and leased buildings through its Workplace 2030 initiative that will help GSA develop a partnership with customer agencies to optimize future space requirements.

As it works to reduce and consolidate space, PBS faces a challenging environment driven largely by uncertainty about customer agency space needs in the wake of the COVID-19 pandemic. For example, the PBS Regional Commissioner for the Mid-Atlantic Region told us that PBS expects agencies to consider reducing their space in the next 12 to 18 months as they continue to adapt to a hybrid work environment. While some agencies are already aggressively reducing their space, she said she expects more agencies will do so, especially as their leases start to expire.

In its *FY 2023 Congressional Justification*, GSA requested $2.2 billion in funding from the Federal Buildings Fund for capital program investment, which the Agency claims will help address this concern. The request includes $378 million above the revenues PBS projects to collect in FY 2023. According to PBS, this will allow for investment in GSA-owned properties and reduce reliance on leased facilities. PBS also asserts that making such investments will allow it to release over 100,000 rentable square feet of leased space and save millions of dollars in annual future lease payments.

Reducing Leasing Costs

Between FYs 2023 and 2027, approximately 45 percent, or 82.9 million rentable square feet, of leased space will be expiring across the country. As these leases expire, PBS remains focused on implementing its Lease Cost Avoidance plan to reduce leasing costs and optimize its real estate portfolio. However, PBS officials reported that the changing real estate market conditions caused by the global pandemic will require a re-examination of its long-term and short-term lease strategies.

For example, the former acting PBS Regional Commissioner for the National Capital Region told us that uncertainty about the move to a hybrid work environment has left customer agencies reluctant to make real estate decisions that could result in reductions to leased space. The PBS Regional Commissioner for the Mid-Atlantic Region told us that she is building contingencies into any leases they are currently awarding because she expects agencies will want to reduce their space. She added that she is: (1) lining up other federal agencies that could take the space that current federal agency lessees might want to give back or (2) including clauses that would allow federal agencies to give leased space back if the agency determines it is not needed.

According to GSA, the primary driver of savings in the PBS real property portfolio is reducing the amount of space that the government occupies in leased facilities. In pursuing this, GSA is continuing to implement its initiatives to track and decrease its reliance on leased space. However, GSA faces considerable uncertainties in determining customer space needs in the aftermath of the COVID-19 pandemic. As a result, GSA will be faced with the challenge of reducing leasing costs while adjusting to the new post-pandemic environment.

Meeting the Maintenance and Repair Needs of Federal Buildings

PBS continues to face challenges in managing the maintenance and repair needs of its aging portfolio of owned buildings. Since FY 2016, GSA has reported a steadily increasing deferred maintenance backlog in its *Agency Financial Reports*. Deferred maintenance is defined as maintenance and repairs that are not performed when scheduled or 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.

In its 2021 *Agency Financial Report*, GSA reported approximately $2.59 billion in total estimated costs of deferred maintenance and repairs (deferred maintenance) for its building inventory. This was a 2.4 percent increase from FY 2020 and a 114 percent increase from FY 2016. PBS funds its repair needs and all of its real property activities through the Federal Buildings Fund. However, since FY 2016, GSA has received approximately 59 percent of its requests for funding of minor and major repairs and alterations, on average.

Our office has recently reported on weaknesses in both PBS's management of deferred maintenance and decisions for its repair and alteration needs.

In a September 2021 audit of PBS's effectiveness in managing deferred maintenance, we found that the accuracy of GSA's reported deferred maintenance cost estimate is affected by data shortcomings and errors.[19] The estimates generated by PBS's Building Assessment Tool, which

[19] *Audit of the Public Buildings Service's Effectiveness in Managing Deferred Maintenance* (Report Number A190066/P/2/R21009, September 30, 2021).

are used to report GSA's estimated deferred maintenance, are inaccurate and include duplicative estimate costs. In addition, we found that while PBS has a national maintenance strategy associated with its Capital Investment and Leasing Program, this strategy has not been effective in reducing its deferred maintenance backlog.

As a result, PBS is vulnerable to rising maintenance and repair costs, increased risk of building system failure, accelerated deterioration of systems and structures, and potential life safety hazards. In order to properly address its challenge of ever-increasing O&M deferred maintenance, PBS needs to improve its national strategy to place a greater emphasis on its growing list of immediate liabilities by prioritizing O&M projects to remove them from the backlog.

In a May 2022 audit report, we found that PBS's Office of Portfolio Management and Customer Engagement's (Portfolio Management's) review and approval process had no discernible effect on which projects were actually performed in FY 2019 and FY 2020.[20] Rather, Portfolio Management approved projects based almost exclusively on project rankings submitted by the PBS regions. In addition, when PBS regions could not perform an approved project, they were able to redirect funding to other projects without Portfolio Management's approval.

PBS's increasing deferred maintenance backlog, combined with recurring audit findings on weaknesses in PBS's oversight and management of O&M contracts and its project review and approval process, demonstrate that PBS continues to face significant challenges to meet and manage its O&M needs.

Administering GSA's Capital Construction Program

PBS's Office of Design and Construction is responsible for leading PBS's capital construction program and supports GSA's regional offices in new construction, major modernization, and other capital construction projects, from pre-planning through commissioning.[21] As of July 2022, PBS reported $5.6 billion in active capital construction projects. Due to internal resource limitations, PBS faces challenges in delivering these projects and has become excessively reliant on construction management firms (i.e., construction managers). Additionally, PBS continues to struggle with its administration of Construction Manager as Constructor (CMc) contracts.

In some cases, these challenges have resulted in contractor employees performing inherently governmental functions, organizational conflicts of interest, and significantly inflated costs. In response to our *Assessment of GSA's Management and Performance Challenges for FY 2022*,

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[20] *Audit of PBS's Approval Process for Minor Repair and Alteration Projects* (Report Number A190100/P/5/R22005, May 9, 2022).

[21] Capital construction projects are projects that exceed the prospectus threshold, currently $3.375 million, and require congressional approval.

PBS stated that it had established several internal controls to assist in construction management and enable proper oversight of construction manager activities.

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. Though not required, 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.[22] PBS has frequently 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 allowed construction managers to access sensitive information, including competitors' proprietary information and government data, without mitigating conflicts of interest or ensuring data security.

PBS must ensure that sufficient controls are in place and followed to prevent construction managers from performing inherently governmental functions and that steps are taken to eliminate or mitigate potential conflicts of interest. PBS must also focus on hiring and retaining staff with the necessary skills to perform critical functions, especially given the number of PBS employees in mission-critical roles who will be eligible for retirement in the near future.

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

Since our audits of PBS's projects funded under the American Reinvestment and Recovery Act of 2009, we have reported on deficiencies in PBS's use of CMc contracts. PBS took numerous actions to address these deficiencies, particularly focusing on improvements to policy and regulations. However, in an August 2022 memorandum, we identified continued concerns with PBS's use of CMc contracts.[23] We noted that PBS is:

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

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

- Not ensuring that construction contractors properly accumulate and record project costs, preventing PBS from relying on the contractor's cost records for contractor payments and shared savings calculations;
- Improperly adjusting the contract's guaranteed maximum price, leaving PBS at risk of overpaying for construction services; and
- Prematurely converting the guaranteed maximum price to a firm-fixed price, increasing the risk that CMc contractors may be able to attain excessive profits.

PBS must address these challenges to prevent significant increases to project costs and avoid overpayments on current and future CMc contracts.

Infrastructure Investment and Jobs Act. The Infrastructure Investment and Jobs Act (IIJA) provided GSA with $3.418 billion for the acquisition, construction, and repair and alteration of Land Ports of Entry. In August 2022, we issued a memorandum identifying challenges facing PBS as it executes construction projects funded under the IIJA.[24] 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 Land Ports of Entry.

PBS has established a Program Management Office to oversee its use of IIJA funds. According to PBS, this office will "identify, coordinate, and proactively mitigate risks to the program to ensure IIJA funding is spent efficiently and effectively." While this is a positive step, PBS must continue to take steps to address the challenges identified in our memorandum, as well as those identified through the Program Management Office, to ensure the successful delivery of IIJA funded projects.

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

Between December 2010 and June 2022, PBS awarded over $2.305 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.

[24] *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).

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 the 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 of 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 May 2021 we reported that PBS was not enforcing requirements of the ESPC task order at the U.S. Food and Drug Administration's (FDA's) White Oak campus.[25] As a result, PBS has no assurance that the contract is achieving the guaranteed cost savings needed to fund the $1.2 billion contract and is planning to pay for repairs that are the contractor's responsibility. 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 ESPC and UESC contracts. PBS has established a centralized oversight ESPC program within the Office of Facilities Management and is also in the process of strengthening guidance and controls for UESCs. PBS should continue efforts like these to ensure that the ESPCs and UESCs are effectively managed.

Challenge 5: Managing Agency Cybersecurity Risks

Like all federal agencies, GSA is dependent upon IT to fulfill its mission. However, as cyber 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 in effectively monitoring and efficiently identifying and responding to cyber 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 *Assessment of GSA's Management and Performance Challenges* for FY 2021 and for FY 2022, we reported on threats to sensitive information maintained by GSA.[26] As these threats

[25] *PBS's National Capital Region is Failing to Adequately Manage and Oversee the Building Services Contracts at the FDA's White Oak Campus* (Report Number A190021/P/5/R21003, May 17, 2021).

[26] *Assessment of GSA's Management and Performance Challenges for Fiscal Year 2021* and *Assessment of GSA's Management and Performance Challenges for Fiscal Year 2022.*

remain, GSA must ensure that it controls access to sensitive information available on its network and maintained in GSA-owned systems. Sensitive information collected and maintained on GSA's network and within systems includes:

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

Recent reports issued by our office demonstrate the importance of controlling access to GSA systems to protect this sensitive information. For example, in February 2021, we issued an audit report on GSA's Insider Threat Program.[27] An insider threat involves employees using their authorized access, intentionally or unintentionally, to cause harm to an organization. We found that GSA's Insider Threat Program does not effectively monitor insider threat risks relating to separated and terminated employees. GSA faces heightened insider threat risks from these employees because it does not consistently deactivate their IT accounts and recover and destroy personal identity verification cards within required time frames. As a result, GSA information is vulnerable to theft or loss. Further, deficiencies in GSA's Insider Threat Program create gaps that can be exploited in other ways to undermine GSA's ability to effectively carry out its operations.

Because GSA systems house sensitive data, GSA must continue to strengthen its monitoring of access to Agency systems and data to protect against the intentional or unintentional release of sensitive information. Additionally, GSA should implement appropriate management, operational, and technical security controls to manage and mitigate threats to GSA's systems and data.

Prioritizing Cyber Supply Chain Risk Management

GSA continues to face cyber supply chain risks. To address these risks and comply with federal supply chain risk management requirements, GSA must ensure that it is not procuring restricted products and services to support internal operations that could subject Agency assets and resources to supply chain risks.[28]

Recent events demonstrate the significant risks posed by potential cyber vulnerabilities in IT software. In December 2021, a critical vulnerability in the widely used Apache Log4j software

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[27] *Audit of GSA's Insider Threat Program* (Report Number A190016/I/T/F21002, February 17, 2021).

[28] National Defense Authorization Act for FY 2019, Section 889, prohibits executive agencies from purchasing restricted products and services in an effort to better manage supply chain risks and reduce threats to key U.S. supply chains by foreign adversaries.

library could have allowed adversaries to take control of remote systems by submitting a specially crafted request causing the system to execute arbitrary code.[29] Incidents like these identify a pressing need for GSA to incorporate cyber supply chain risk management practices into its operations. These practices involve continuously identifying, assessing, and mitigating the risks associated with suppliers of hardware, software, firmware, networks, systems, and services that support Agency operations.

Cyberattacks continue to increase in number and sophistication, resulting in significant operational disruptions, reputational damage, and financial costs to affected organizations. GSA is challenged to ensure that it has sufficient and effective contractual requirements, practices, and technical tools in place to rigorously evaluate the security of the IT products and services it procures and implements within the Agency's infrastructure.

Migrating to a Zero Trust Architecture

On January 26, 2022, OMB released Memorandum M-22-09, *Moving the U.S. Government Toward Zero Trust Cybersecurity Principles*. This memorandum requires agencies to achieve specific zero trust security goals by the end of FY 2024 and details the specific cybersecurity standards and objectives needed to achieve a federal zero trust architecture (ZTA) strategy. ZTA is an information system security strategy that continually verifies each user, device, application, and transaction. No actor, system, network, or service operating outside or inside the security perimeter is trusted.

GSA currently has several ongoing initiatives dedicated to transitioning from perimeter-based security to ZTA. However, this transition represents a fundamental redesign of GSA's enterprise security workflow. GSA is challenged to ensure that it sufficiently monitors this process and Agency resources to ensure a smooth and secure transition to ZTA.

Challenge 6: Safeguarding Federal Facilities and Providing a Secure Work Environment

GSA plays a significant role in providing a safe, healthy, and secure environment for federal employees and visitors at over 8,300 federally owned and leased facilities nationwide. Part of GSA's responsibility is implementing its PBS Safety and Health Management Program to ensure compliance with safety and health requirements as mandated by Executive Order 12196, *Occupational safety and health programs for Federal employees*; and Code of Federal Regulations, Title 29, Part 1960, Subpart E, *General Services Administration and Other Federal Agencies*. Additionally, in accordance with a September 2018 memorandum of agreement with the U.S. Department of Homeland Security, GSA is responsible for the installation,

[29] Cybersecurity and Infrastructure Security Agency Alert (AA21-356A): *Mitigating Log4Shell and Other Log4j-Related Vulnerabilities* (December 23, 2021).

maintenance, and repair of approved security fixtures (including physical access control systems).

However, our reports demonstrate an ongoing need for GSA management to pay attention to the safety and security of federal facilities. In particular, recent audits and inspections have found problems with GSA's management of building safety measures and enforcement of security protocols, as discussed below.

GSA's Management of Building Safety

GSA's management of building safety measures is critical because problems could pose fire, safety, and health risks to GSA building occupants, contractors, personnel, the public, and federal property. However, recent audit reports have demonstrated that GSA faces challenges in this area.

For example, in February 2022, we reported that PBS failed to comply with federal regulations and its own policy for asbestos management at the Chet Holifield Federal Building (CHFB).[30] As a result, CHFB tenants, visitors, contractors, and PBS staff were at increased risk of exposure to asbestos-containing materials. We found that PBS:

- Does not maintain a reliable asbestos-containing materials inventory for the CHFB or update the CHFB asbestos management plan;
- Failed to notify building occupants of the presence and location of asbestos-containing materials in accordance with federal and state regulations and PBS policy; and
- Is providing inadequate oversight of the CHFB O&M service contractor.

We also found that PBS's *Asbestos Policy* contains ambiguous and conflicting information, which can result in inconsistent application of the policy by PBS staff and failure to comply with applicable laws and regulations.

In March 2022, we reported that PBS has not identified all high-risk uses of space under GSA control because it is not effectively managing its fire, safety, and health program.[31] As a result, PBS has not taken measures to eliminate or mitigate potential fire, safety, and health hazards arising from high-risk uses of space, or identified and addressed all incompatible occupant activities.

[30] *Audit of PBS's Management of Asbestos at the Chet Holifield Federal Building in Laguna Niguel, California* (Report Number A190043/P/4/R22002, February 3, 2022).

[31] *PBS Has Not Identified All High-Risk Uses of Space, Resulting in Potential Safety Risks* (Report Number A210020/P/6/R22003, March 24, 2022).

Security Deficiencies in GSA Facilities

Our reports also demonstrate significant challenges facing the security of GSA facilities. For example, in June 2022 we reported on deficiencies in security camera and alarm systems in GSA-owned buildings.[32] The specific findings of our report are restricted from public release; however, we found that although GSA and the U.S. Department of Homeland Security's Federal Protective Service have an agreement in place to coordinate on the long-standing issues identified in our report, little action is being taken to address the situation.

The deficiencies identified in our report on security camera and alarm systems, coupled with our previous reports on security at GSA facilities, demonstrate that physical security remains a challenge for GSA. In January 2020, we reported on significant security vulnerabilities at child care centers in GSA-controlled facilities.[33] In September 2021, we reported on pervasive deficiencies in site security and security operations and administration at a high-risk GSA building.[34]

GSA is taking corrective action to address these deficiencies. For example, GSA received $15 million through the *Consolidated Appropriation Act, 2022* to address the security deficiencies in its child care centers identified through our January 2020 report.[35] GSA officials told us that they are actively planning projects using this funding to improve security at these facilities. Notwithstanding these efforts, our continued findings in this area demonstrate an ongoing need for GSA management's attention.

Challenge 7: Managing the Electrification of the Federal Fleet

Executive Order 14057, *Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability*, mandates a transition to zero-emission vehicles. Under the order, federal agencies must replace light-duty fleet vehicles with zero-emission vehicles by 2027 and achieve 100 percent zero-emission vehicles by 2035. The executive order confronts GSA with two significant challenges.

First, GSA is challenged to find available zero-emission vehicles and secure sufficient funding to replace its fleet. For example, many federal agencies require heavy-duty vehicles, such as sport utility vehicles and trucks to meet their mission needs. However, GSA's available electric vehicle

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[32] *Audit of Security Camera and Alarm Systems at GSA-Owned Buildings* (Report Number A210033/P/5/R22006, June 22, 2022).

[33] *Child Care Centers in GSA-Controlled Buildings Have Significant Security Vulnerabilities* (Report Number A170119/P/6/R20001, January 30, 2020).

[34] *Unrestricted Summary: Facility Security Inspection of a High-Risk GSA Building* (Report Number JE21-003, September 30, 2021).

[35] P.L. 117-103.

options generally do not include these types of vehicles. GSA is also experiencing difficulties finding electric vehicles available for purchase. A May 2022 email from a GSA official stated that Stellantis N.V., the maker of Chrysler vehicles, canceled a GSA order for 1,200 plug-in hybrid electric vehicles due to part shortages and production constraints. Even if enough electric vehicles become available to electrify the entire fleet, GSA faces funding challenges. GSA's FY 2023 budget request included $300 million for fleet electrification, but the current FY 2023 Appropriations Committee bill, if approved, includes only $100 million for the purchase of electric vehicles and building of charging infrastructure. GSA did not receive any funding for this initiative in FY 2022.

Second, the current infrastructure is not adequate to accommodate widespread electric vehicle use. According to GAO, as of March 2022, federal agencies owned about 1,100 charging stations, some of which contained multiple ports. GSA officials stated that over 100,000 charging stations may be needed to support widespread electric vehicle use, at a price that could vary from $1,000 to over $100,000 per station, depending on the complexity of the project. To support widespread electric vehicle use by the executive order's 2027 and 2035 targeted deadlines, GSA's Fleet Management and PBS offices will have to work together to rapidly expand the electric vehicle charging infrastructure. However, availability constraints and lack of funding, coupled with higher electric vehicle prices, pose challenges in carrying out this executive order.

Challenge 8: Managing the Impact of COVID-19

As the nation continues to emerge from the COVID-19 pandemic and GSA and tenant agencies return to facilities, GSA faces three significant challenges. First, GSA must consistently implement return-to-facilities guidance. Second, GSA must ensure that HVAC systems provide adequate ventilation to minimize the spread of the virus. Third, GSA must ensure that clean water is available in facilities where decreased occupancy and water use may have caused water to stagnate, increasing the risk of water contamination.

Implementing Guidance for Employees' Return to GSA Facilities

Establishing consistent return-to-facility procedures while having to keep up with and implement constantly changing guidance poses a challenge for GSA. As cities, states, and the federal government return to office environments in greater numbers, GSA needs to ensure that it is able to provide safe and secure work environments.

GSA must also ensure that its own guidance aligns with changing directives from the administration and is consistently implemented across its entire building inventory. Concurrently, GSA must continue to monitor the CDC COVID-19 Community Levels and the trend of reported COVID-19 cases in its facilities across the nation.[36] Despite this unprecedented level of monitoring and review, GSA needs to maintain its ability to make timely and accurate decisions when COVID-19 cases spike across the nation.

The open-space floor plans in many of GSA's facilities may increase the risk of a COVID-19 outbreak among tenants. GSA has relied on office space designs based on open workspace and hoteling concepts to reduce overall space requirements. In many cases, these open-space designs may prevent GSA employees and tenants from observing social distancing requirements necessary to prevent the spread of COVID-19 and other viruses.

As a result, GSA and tenant agencies must monitor the number of staff reporting in person each day to reduce or eliminate future. GSA, in close coordination with affected tenant agencies, will need to assess facilities with open-space floor plans and make the necessary adjustments to ensure compliance with all protocols necessary to combat the spread of COVID-19. Additionally, GSA will need to assess the effect of COVID-19 and future pandemics on the viability of open-space design concepts.

Ventilation and Air Filtration

The *CDC Guidance for Business and Employers Responding to Coronavirus Disease 2019 (COVID-19)* recommends improving building ventilation to reduce the concentration of virus particles in the air to slow the spread of COVID-19 in the workplace. CDC's recommendations include increasing the introduction of outdoor air and improving central air filtration. During FY 2022, we issued two reports identifying deficiencies in ventilation and air filtration at GSA-owned facilities.

- In a March 2022 management alert, we reported that the ventilation in the child care center at the GSA Headquarters Building was inadequate.[37] Although GSA took mitigating actions to address the inadequate ventilation in the child care center, these efforts were not effective. For example, PBS relies on the use of window air conditioners to supply fresh air to the center. However, the air conditioners were not in constant operation and only provide a negligible amount of fresh air. Additionally, we found that the levers to open and close the fresh air vents for three of the five air conditioners were broken.

[36] The CDC monitors three metrics to determine a county's Community Level: (1) new COVID-19 hospital admissions per 100,000 population in the past 7 days, (2) the percent of staffed inpatient beds occupied by COVID-19 patients, and (3) total new COVID-19 cases per 100,000 population in the past 7 days.

[37] *Management Alert: Inadequate Ventilation in GSA Headquarters Child Care Center* (Report Number JE22-001, March 10, 2022).

- In September 2022, we reported that PBS faces challenges in its efforts to improve air filtration in GSA-controlled facilities to help prevent workplace exposures to COVID-19.[38] We found that PBS cannot install the recommended air filters in some GSA-owned facilities because the aging HVAC systems cannot handle MERV 13 air filters. In addition, PBS is not consistently verifying that O&M contractors change air filters or meet preventive maintenance requirements for air handling units in GSA-owned facilities. We also found that PBS is not consistently inspecting GSA-leased space to ensure that air filters meet lease requirements. In some cases, lessors used noncompliant air filters or did not change them regularly. As a result, PBS is using air filters in some GSA-controlled facilities that are less efficient at capturing airborne viruses, including the virus that causes COVID-19.

Water Quality

The reduced occupancy levels during the COVID-19 pandemic allowed for water stagnation in federal facilities. On July 22, 2021, the CDC issued guidance, *Reopening Buildings After Prolonged Shutdown or Reduced Operation*. The guidance states that "a temporary shutdown or reduced operation of a building (for example, a school or a childcare facility) and reductions in normal water use can create hazards for returning occupants." It further states to check for hazards before reopening after a prolonged period of building inactivity. The CDC explains that a "prolonged period" for lead and copper contamination may range from hours or days, to weeks or months, depending on plumbing and water-specific factors. The CDC further explains that a period of weeks or months of minimal water flow, among other factors, can also facilitate *Legionella* bacteria growth.

In September 2022, we issued an alert memorandum notifying GSA that PBS did not effectively test for water contamination prior to reopening GSA child care centers that were closed during the pandemic.[39] We found that PBS did not conduct water testing before reopening almost all of the child care centers closed during the COVID-19 pandemic. While PBS has since tested the water in some child care centers, this testing was not comprehensive. As a result, PBS does not have assurance that children and staff at the child care centers have access to safe drinking water.

As described above, challenges remain as GSA and tenant agencies return to facilities in greater numbers. Accordingly, GSA must continue to monitor and implement evolving federal, state, and local health department guidance. GSA must also ensure adequate ventilation and air filtration in GSA facilities and address the potential risk for contaminated water in facilities where decreased occupancy has caused water to stagnate.

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[38] *COVID-19: PBS Faces Challenges in Its Efforts to Improve Air Filtration in GSA-Controlled Facilities* (Report Number A201018/P/4/R22008, September 30, 2022).

[39] *Alert Memorandum: PBS Did Not Test Water Prior to Reopening Child Care Centers Closed During the COVD-19 Pandemic* (Memorandum Number A20108-8, September 6, 2022).