U.S. GOVERNMENT ACCOUNTABILITY OFFICE

441 G St. N.W.   **Comptroller General**
Washington, DC 20548   **of the United States**

April 10, 2019

The Honorable Emily W. Murphy
Administrator
General Services Administration
1800 F Street, N.W.
Washington, DC 20405

Priority Open Recommendations: General Services Administration

Dear Administrator Murphy:

The purpose of this letter is to provide an update on the overall status of the General Services Administration's (GSA) implementation of GAO's recommendations and to call your continued personal attention to areas where open recommendations should be given high priority.[1] In November 2018, we reported that, on a government-wide basis, 77 percent of our recommendations made 5 years ago were implemented.[2] GSA's recommendation implementation rate was 92 percent. As of December 2018, GSA had 37 open recommendations. Fully implementing these open recommendations could significantly improve GSA's operations.

Since our February 14, 2018, letter, GSA has implemented two of five priority recommendations by collecting additional information and improving interagency coordination. Specifically, GSA now collects additional ownership information for high-security federal space that it leases. Providing this information to building tenants could help them enhance their security programs. In addition, GSA helped finalize an inter-agency agreement clarifying roles and responsibilities for federal facility security. These are important actions, and directly address components of the long-standing challenges of managing federal real property, which remains on GAO's high-risk list.

We ask for your continued attention on the remaining three open priority recommendations identified in the 2018 letter. We are adding two new recommendations as priorities this year: one recommendation on cybersecurity and one recommendation on managing operations and maintenance costs of federal buildings, bringing the total number of priority recommendations to five. (See the enclosure for the list of these recommendations.)

The five priority recommendations fall into the following two major areas listed below.

---

[1]Priority recommendations are those that GAO believes warrant priority attention from heads of key departments or agencies. They are highlighted because, upon implementation, they may significantly improve government operations, for example, by realizing large dollar savings; improving congressional and/or executive branch decision making on major issues; eliminating mismanagement, fraud, and abuse; or ensuring that programs comply with laws and that funds are legally spent, among other benefits. Since 2015, GAO has sent letters to selected agencies to highlight the importance of implementing priority recommendations.

[2]GAO, *Performance and Accountability Report: Fiscal Year 2018,* GAO-19-1SP (Washington, D.C.: Nov. 15, 2018).

Federal Real Property Management: Four priority recommendations would improve the management of real property and strengthen GSA's ability to make sound decisions. Two of these recommendations, from September 2014, could improve decision-making related to the Department of Homeland Security's (DHS) headquarters consolidation. To implement these recommendations, GSA and DHS should work jointly to conduct a comprehensive needs assessment and associated analyses to support DHS's plans for the project and to update its cost and schedule estimates.

The third recommendation in this area, from January 2016, could decrease leasing costs by millions of dollars by reducing expenses associated with new leases. To implement this recommendation, GSA should assess the feasibility of loaning unobligated Federal Building Fund balances to help cover the costs of making needed improvements to newly leased spaces and then, as appropriate, seek legislative authority to do so.

The fourth recommendation, from May 2018, would allow GSA to better understand the effect of design choices in new Design Excellence buildings on operations and maintenance costs at the time the design decisions are made. To implement this recommendation, GSA should update existing procedures to require GSA officials to estimate the full operations and maintenance costs of design choices during the planning and design process for new Design Excellence buildings.

Federal Facility Cybersecurity: One priority recommendation would help improve the security of federal facilities. This recommendation, from February 2018, could enhance cybersecurity protection of critical infrastructure. To implement this recommendation, GSA, in cooperation with DHS, should take steps to consult with respective sector partners, such as the Coordinating Council and the National Institute of Standards and Technology (NIST), as appropriate, to develop methods for determining the level and type of adoption by entities across their respective sector of NIST's *Framework for Improving Critical Infrastructure Cybersecurity.*[3]

- - - - -

In March, we issued our biennial update to our high-risk program. This update identifies government operations with significant vulnerabilities to fraud, waste, abuse, and mismanagement or the need for transformation to address economy, efficiency, or effectiveness challenges.[4] Our high-risk program has served to identify and help resolve serious weaknesses in areas that involve substantial resources and provide critical services to the public. One of our high-risk areas, managing federal real property, centers directly on GSA. Other government-wide high-risk areas—including (1) Strategic Human Capital Management, (2) Ensuring the Security of Federal Information Systems, and (3) Ensuring the Cybersecurity of the Nation—also have direct implications for GSA and its operation.

We urge your attention to managing federal real property and other government-wide high-risk issues as they relate to GSA. Progress on high-risk issues has been possible through the concerted actions and efforts of Congress, OMB, and the leadership and staff in agencies, including within GSA.

---

[3]National Institute of Standards and Technology, *Framework for Improving Critical Infrastructure Cybersecurity* (Gaithersburg, MD: Feb. 12, 2014).

[4]GAO, *High Risk Series: Substantial Efforts Needed to Achieve Greater Progress on High-Risk Areas*, GAO-19-157SP (Washington, D.C.: Mar. 6, 2019).

Copies of this report are being sent to the Director of the Office of Management and Budget and appropriate congressional committees, the Committees on Appropriations, Budget, and Homeland Security and Governmental Affairs, United States Senate; and the Committees on Appropriations, Budget, and Oversight and Reform, House of Representatives. In addition, the report will be available at no charge on the GAO website at http://www.gao.gov.

I appreciate GSA's continued commitment to these important issues. If you have any questions or would like to discuss any of the issues outlined in this letter, please do not hesitate to contact Dan Bertoni, Managing Director, Physical Infrastructure Issues, at bertonid@gao.gov or (202) 512-2834. Our teams will continue to coordinate with your staff on all of the 37 open recommendations, as well as those additional recommendations in the high-risk areas for which GSA has a leading role. Thank you for your attention to these matters.

Sincerely yours,

Gene L. Dodaro
Comptroller General
of the United States

Enclosure

Cc: Emily W. Murphy, Administrator, GSA

GSA Priority Recommendations

Improving Federal Real Property Management

Federal Real Property: DHS and GSA Need to Strengthen the Management of DHS Headquarters Consolidation, GAO-14-648. Washington, D.C.: September 19, 2014.

Recommendations: The Secretary of Homeland Security should work jointly with the Administrator of GSA to:

1) Conduct a comprehensive needs assessment and gap analysis of current and needed capabilities and an alternatives analysis that identifies the costs and benefits of leasing and construction alternatives, and

2) Update cost and schedule estimates for the remaining portions of the consolidation project and viable alternatives.

Action Needed: DHS and GSA agreed with both recommendations, and we discussed implementation plans with GSA in November 2018. To fully implement the recommendations, DHS and GSA should complete a comprehensive needs assessment, a cost and benefits analysis, and updated cost and schedule estimates, taking into consideration new Administration priorities and budget circumstances. After validating the revised consolidation plan, DHS and GSA should submit their findings to Congress in accordance with the Department of Homeland Security Headquarters Consolidation Accountability Act of 2015 (P.L. No. 114-150). DHS and GSA are currently drafting a revised consolidation plan per our recommendations, and officials expect that the final plan will be completed and approved in December 2019.

High-Risk Area: Managing Federal Real Property

Director: Chris Currie
Contact information: curriec@gao.gov (404) 679-1875

Director: Lori Rectanus
Contact information: rectanusl@gao.gov (202) 512-2834

Federal Real Property: GSA Could Decrease Leasing Costs by Encouraging Competition and Reducing Unneeded Fees, GAO-16-188. Washington, D.C.: January 13, 2016.

Recommendation: The GSA Administrator should seek to reduce leasing costs for federal agencies by exploring, with relevant stakeholders, the possibility of loaning unobligated Federal Buildings Fund balances to agencies to cover needed improvements to newly leased space— called tenant improvement costs—costs that would otherwise have to be financed for new leases. If GSA finds that with sufficient controls in place, tenant improvements can be safely funded this way, it should participate in the development of a legislative proposal to request that Congress make the necessary budget authority available.

Actions Needed: GSA agreed with the recommendation. GSA later indicated that loaning unobligated Federal Buildings Fund balances to agencies to cover tenants' improvement expenses could reduce lease costs to tenant agencies. However, it has indicated that making such loans would have to be weighed against competing priorities and require additional legislative authority. To fully implement this recommendation, GSA should (1) determine if it could safely fund tenant improvements in this way and, if it could, (2) develop a legislative proposal to request that Congress make the necessary budget authority available. We confirmed in November 2018 that GSA had not yet developed the legislative proposal.

High-Risk Area: Managing Federal Real Property

Director: Lori Rectanus
Contact information: rectanusl@gao.gov (202) 512-2834

Federal Buildings: More Consideration of Operations and Maintenance Costs Could Better Inform the Design Excellence Program, GAO-18-420. Washington, D.C.: May 22, 2018.

Recommendation: The GSA Administrator should update existing procedures to require GSA officials to estimate the full operations and maintenance costs of design choices during the planning and design process for new Design Excellence buildings. This update would allow GSA to better understand the effects of design choices at the time they are made on operations and maintenance costs.

Action Needed: GSA agreed with the recommendation. While GSA has updated its procedures for planning, designing, and constructing new buildings to further consider operations and maintenance when making design choices, it has yet to develop a tool for estimating the costs of those choices. To fully implement this recommendation, GSA should ensure that its procedures and tools provide reliable measures of indicators for operations and maintenance costs.

High-Risk Area: Managing Federal Real Property

Director: Lori Rectanus
Contact Information: rectanusl@gao.gov (202) 512-2834

Federal Facility Cybersecurity

Critical Infrastructure Protection: Additional Actions Are Essential for Assessing Cybersecurity Framework Adoption, GAO-18-211. Washington, D.C.: February 15, 2018.

Recommendation: The Administrator of GSA, in cooperation with the Secretary of Homeland Security, should take steps to consult with respective sector partners, such as the Coordinating Council and NIST, as appropriate, to develop a more comprehensive understanding of the framework's use by government entities, and accurately determine an optimal method for the framework's adoption.

Enclosure

Action Needed: GSA agreed with the recommendation. In April 2018, GSA stated that it planned to recommend to the Government Coordinating Council the addition of language to the sector-specific survey for the fiscal year 2018 National Annual Report to Congress to determine the level and type of framework adoption. To fully implement this recommendation, GSA, in cooperation with the Department of Homeland Security, should continue to work with respective sector partners, including the Government Coordinating Council, as appropriate, to develop methods for determining the level and type of adoption by entities across the government facilities sector of the National Institute of Standards and Technology's *Framework for Improving Critical Infrastructure Cybersecurity*.

High-Risk Area: Ensuring the Cybersecurity of the Nation

Director: Nick Marinos
Contact Information: marinosn@gao.gov or (202) 512-9342

(103231)