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BY THE U.S. GENERAL ACCOUNTING OFFICE  
**Report To The Administrator  
 Of General Services**

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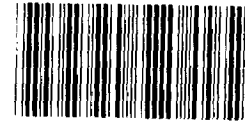
## GSA's Management Of Reimbursable Building Services Needs Improvement

GSA is not effectively managing reimbursable building services provided to tenant agencies. Although such services are in excess of \$200 million a year

- management responsibilities are fragmented;
- controls over services are weak and, in general, reports developed to provide management information on the status of reimbursable activities are either inadequate or not used; and
- charges for services are inconsistent among tenants because criteria for determining which services are reimbursable are unclear.

Consequently, some tenants have paid extra for services other tenants received as part of their rent, some tenants have procured unneeded services, and potential exists for abuses in the quantity and quality of services provided by GSA.

GAO cites a number of corrective actions required to improve GSA's provision of reimbursable services.



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UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

PROCUREMENT, LOGISTICS,  
AND READINESS DIVISION

B-199760

The Honorable Gerald P. Carmen  
Administrator of General  
Services

Dear Mr. Carmen:

This report discusses the need for the Public Buildings Service to improve its management of reimbursable building services to tenant agencies. We reviewed this area because of indications of problems relating to General Services' management of services provided to its tenants, weaknesses in the control and reporting process, and inconsistencies in interpreting regulations.

This report contains recommendations to you on pages 19 and 20. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this report to the Chairmen, House Committees on Appropriations, on Government Operations, and on Public Works and Transportation and Senate Committees on Appropriations, on Environment and Public Works, and on Governmental Affairs, and the Director, Office of Management and Budget.

Sincerely yours,

A handwritten signature in cursive script that reads "Donald J. Horan".

Donald J. Horan  
Director



GENERAL ACCOUNTING OFFICE  
REPORT TO THE ADMINISTRATOR  
OF GENERAL SERVICES

GSA'S MANAGEMENT OF  
REIMBURSABLE BUILDING  
SERVICES NEEDS  
IMPROVEMENT

D I G E S T

The General Services Administration (GSA), through its Public Buildings Service, charges tenant agencies for space and related services in Federal buildings and federally leased space. GSA also charges tenant agencies for special services they request beyond the standard levels of repairs and initial space alterations, building operations and maintenance, and physical protection and building security. These special services are commonly referred to as reimbursables.

Although the Congress has authorized GSA to provide special services to agencies on a reimbursable basis,

- GSA has not assigned anyone overall responsibility for managing these services,
- controls are weak and reports developed to monitor such services are inadequate or not used, and
- reimbursements are inconsistent among tenants because criteria for determining which services are reimbursable are unclear.

GSA billings to tenants for reimbursable services from 1977 through 1979 exceeded \$576 million. For 1980 and 1981, the budget estimates for reimbursable services totaled \$600 million. Yet, although reimbursable work is the second largest source for financing GSA's Federal Buildings Fund, it has not received the status of a major agency program.

Consequently, management is fragmented. Responsibility for implementing reimbursable services and monitoring their quality, promptness, and cost varies among and within GSA's regions because of inadequate control by both regional and headquarters management. (See p. 4.)

Compounding the effect of fragmented management is the lack of clear guidance by the Public Buildings Service. Building managers and others who authorize reimbursable work have their own interpretations of GSA's vague policies and procedures, and GSA management has not effectively monitored these actions. (See p. 9.)

Under these conditions, delivery of reimbursable services has been inconsistent. Some agencies have paid for services that were not delivered, some paid for services in one location but not in others, and some agencies in the same building paid for services that others received at no extra charge. (See p. 9.)

GSA maintains that reimbursement is required only for services beyond the standard level--that provided in commercial practice. However, GSA has not adequately defined the standard level. Many agencies complain they are charged for maintenance, utilities, and protective services that should be included in their rent payments. Because tenant agencies are uninformed about what services they are entitled to without charge, some agencies may be paying extra for services GSA should provide. (See ch. 3.)

GSA reimbursables continue to rise. The cost of reimbursable protective services alone rose 349 percent during 1972-79, from \$16.9 million to \$59 million, while the cost of the standard level of protection increased from \$39.2 million to \$44.8 million, or 14 percent.

Further, GSA has no criteria for determining whether agencies' requests for protective services above those it normally provides are really necessary. After bringing an example to GSA's attention, GAO was told that an agency is reimbursing GSA about \$250,000 a year for protective services that are not needed. (See p. 11.)

GSA internal studies and prior GAO reports have focused on some of the problems with GSA's management of reimbursable services. Although GSA management has been aware of the problems it is experiencing in providing reimbursable services, it has taken little corrective action. For example, a recent study by one of the regions questioned the Public Buildings Service's ability to provide prompt, quality service because of building managers' confusion over their authority and procedures and general apathy about their mission. (See ch. 2.)

#### RECOMMENDATIONS

The Administrator of General Services should require the Commissioner, Public Buildings Service, to:

- Publish clear criteria for determining what services are reimbursable and procedures for providing them.
- Ensure that reimbursable requests are justified and services promptly delivered.
- Continually monitor the program to improve management and ensure the quality of services, the reasonableness and consistency of charges, and the adequacy and uniformity of procedures.

GAO believes these responsibilities can be discharged most effectively by giving reimbursable work separate program status and designating a single reimbursable services manager within the Public Buildings Service

to oversee GSA's provision of reimbursable services. (See p. 19.)

AGENCY COMMENTS

GSA recognizes that improvements are needed and advises that recommendations from a GSA task force which addressed GAO's concerns are being reviewed and will be acted upon in the near future. GSA also stated that:

- Both the Congress and the Office of Management and Budget exercise extensive and direct control over funds expended for reimbursables.
- It is unable to deal with the issue of some tenants procuring unneeded services.
- Numerous variables impact on any real property operations program of the scope of the reimbursable program and inevitably result in inconsistencies.
- It does not agree that a single manager for the reimbursable program is needed. (See p. 20.)

GAO believes its findings clearly demonstrate that improved controls over the provision of reimbursable building services are needed. GAO also believes that GSA can and should take action to reduce existing inconsistencies in the provision of the services and to advise tenant agencies when requested services appear unreasonable. GAO's views on GSA's comments are contained in detail in chapter 4.



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ABBREVIATIONS

FPMR	Federal Property Management Regulations
GAO	General Accounting Office
GSA	General Services Administration
NEAR	National Electronic Accounting and Reporting System
OMB	Office of Management and Budget
PBS	Public Buildings Service

CHAPTER 1  
REIMBURSABLE SERVICES--WHAT THEY  
ARE AND HOW SIGNIFICANT

Public Law 92-313, dated June 16, 1972, directs the General Services Administration (GSA) to charge agencies for the GSA-controlled space they occupy. The law states that charges (commonly referred to as rental payments but officially called standard level user charges) to agencies "shall approximate commercial charges for comparable space and services."

Rent proceeds and reimbursements for special services are deposited in the Federal Buildings Fund to finance the construction and operation of Government buildings, including acquisition, alteration, maintenance, and protection. Through appropriations acts, the Congress specifies amounts that GSA can obligate from the Fund and amounts to be transferred from the miscellaneous receipts of the Treasury.

In implementing the law, GSA contracts with appraisers to estimate comparable commercial charges. In developing such charges for fiscal year 1978, each building was independently appraised and a fair annual rental rate comparable to commercial rent was established. Appraisers recorded descriptive details, including full service to be provided the tenant, on three parcels of commercial space judged comparable to the Federal space being examined. Each year, GSA reappraises one-third of its inventory to derive rates that will be effective for 3 years.

Because appraisals are made about 18 months before the period to which the rates apply, GSA adds an estimated inflation to the appraised rate. In addition, GSA applies construction ratios to the appraised office space rates to establish rates for other types of space, such as for food service and labs and clinics, and adds a surcharge for guard security services.

Although the law does not contain any criteria or guidance for computing comparable commercial rates, it allows GSA, on a reimbursable basis, to provide special services not included in the standard level user charge. Examples of these special services vary from additional utility and protective services to providing major and minor repairs and alterations. Charges for these special services are supposed to be fixed to recover the approximate costs incurred by GSA.

Guidance for the agencies who receive space and services from GSA is included in the Federal Property Management Regulations (FPMR). These regulations are intended to describe the standard levels of services to be provided as part of the standard level user charge. In March 1978, however, because tenant agencies complained about the unclear regulations, GSA's Public Buildings Service (PBS) issued a Compendium of Federal Buildings

Fund Real Property Related Services to clarify what building services PBS will provide agencies for their rental payments. GSA handbooks and memos prescribe practices and procedures for PBS personnel to follow in providing and charging for services to tenants.

By law, tenant agencies must come to GSA for the special services they consider needed, but which are not included in their rental payments. Although GSA's reimbursable work is highly visible and of a high-volume, it has not received the status of a major program or effort.

Tenant agencies' payments for reimbursable work provide the second greatest source of funds for GSA's Federal Buildings Fund. From 1977 through 1979, GSA billed its tenants over \$576 million for reimbursable services and their budget estimates for fiscal years 1980 and 1981 totaled \$600 million. As of September 30, 1979, GSA reported accepting almost 75,000 requests from tenant agencies for special work. These requests were estimated to cost tenant agencies more than \$496 million. Additionally, cost estimates on over 8,400 requests had not been established, although some 3,000 of these requests had been completed.

#### OBJECTIVES, SCOPE, AND METHODOLOGY

GSA provides various real property services to tenant agencies on a reimbursable basis. These services are broken down by GSA into two categories--alterations and major repairs, and real property operations. Real property operations represents about 80 percent of these reimbursable services. We limited our review of reimbursables for real property operations to utilities, space changes, and protective services. These items are the three largest dollar values representing about 80 percent of such reimbursables.

Indications of problems based on other GAO work at GSA, the large amount of money involved, the fact that a great many Federal agencies are affected, and the fact that reimbursables have been increasing significantly over the past several years, influenced our decision to perform this review. We reviewed GSA's management of reimbursable activities to determine how it defined and established what services to provide as reimbursable, when, at what price, and whether it maintained control and used existing financial and management reports of real property operations.

We made our review at GSA headquarters and its regional offices in Washington, D.C., and Chicago, Illinois. These two regions processed 69 percent of the reimbursable services billed tenant agencies during fiscal year 1979. We also visited the national billing facility for reimbursable work at the regional office in Fort Worth, Texas. Our fieldwork was completed in July 1980.

At GSA headquarters, we interviewed officials regarding policies and procedures for managing reimbursable services. At two regions and 10 field offices, we interviewed building managers, tenant agency officials, independent appraisers under contract to GSA, and others to obtain their interpretations of GSA policies, regulations, procedures, and practices. In addition, we selectively examined orders placed by the tenants and related GSA records, including logbooks, correspondence, files, cost data, and management and financial reports.

Although our fieldwork was performed in only 2 of the 11 GSA regions, we believe that the problems identified and discussed in this report would have also surfaced if other regions were included. Especially in view of the fact that the same basic guidance has been provided to all regions; regional operations are not that dissimilar; and the same reporting system is used. Further, we reviewed and analyzed two special reports and related supporting data on reimbursable services prepared by GSA in 1978 and 1979, and the 1978 draft report of the President's Reorganization Project, Real Property Task Force, which generally support our findings.

We also contacted officials of GSA's Office of the Inspector General, who told us they had not conducted an overall review of reimbursable services since the Federal Buildings Fund was created.

## CHAPTER 2

### FRAGMENTED MANAGEMENT AND WEAK CONTROLS

GSA needs to improve its management of reimbursable services activities. Although these activities account for a significant portion of funds available to GSA, management responsibilities are fragmented. No individual in GSA has been given overall responsibility for managing these services. Instead, various regional personnel at different levels of management decide which services are reimbursable, at what cost, and when they will be provided. Confusion among GSA officials and tenants is the unsurprising result. Without central management and clear guidance, reimbursable services have been inconsistently defined and delays in providing the services occur frequently. Moreover, because management controls are weak and the reporting process must be improved, reimbursable activity has not been adequately monitored.

#### REIMBURSABLE SERVICES LACK CENTRAL MANAGEMENT

Responsibility for reimbursable services is fragmented among GSA's building managers, area managers, and division directors. There is no single focal point for workload management of reimbursable work at GSA's Central Office. The lack of central authority causes confusion among GSA officials and tenants.

Reimbursable services are included under almost all PBS program areas (i.e., real property operations, repairs and alterations, rental of space, and program direction). PBS headquarters officials said oversight responsibility for reimbursable work is generally theirs, while operating responsibility rests with the regions. Moreover, they maintain that the Public Buildings Service official at headquarters, the region, or the field office who authorizes a tenant's request for service is responsible for seeing that the request is satisfied.

However, each request for reimbursable work passes through a maze of GSA offices. Its path depends on such factors as the work's cost, type, and location and whether it will be performed by GSA or contractor personnel. A typical request might pass through six or more divisions or branches of the Public Buildings Service. A GSA task force that studied reimbursable services in 1979 suggested:

"\* \* \* the administrative cost of processing a single RWA (reimbursable work authorization) may equal or exceed the value of the work to be done. One agency stated that their RWA's appeared to pass through so many levels of the PBS organization that inordinate time delays resulted in an unreasonable period for delivery of the work, not to mention the impact on GSA's program effectiveness."

Officials in the regions and their field offices disagree with headquarters officials who maintain that those who approve agency work requests are responsible for seeing that they are processed and completed. A task force study by GSA's National Capital Region emphasized the confusion stemming from the multitude of individuals and organizations that participate in reimbursable services. According to the report, confusion exists in areas of responsibility, from dealing with tenant agencies to identifying project accountability. As a result, no one follows these requests through from one end of the maze to the other to ensure that they are proper, filled promptly and correctly, and at a reasonable cost.

Some tenants complained that dealing with several offices delays delivery of services and makes it hard for them to monitor the progress of their requests. For example, one tenant paid \$50,000 to rearrange its office space. The tenant waited while the work order was processed through various divisions and branches. After 2 years, the agency complained to the regional commissioner's office, the highest level of the Public Buildings Service outside of Washington. Another year passed before work finally began.

As far as reimbursable services are concerned, there is no single position responsible for direction of operations within PBS, no single source for workload type oversight, and no specific objectives established that reimbursable operations are to work towards. Although GSA is aware of the above, it has taken little action to improve its control over these activities.

#### PROLIFIC GUIDANCE--FEW ANSWERS

While the Federal Property Management Regulations and the interpretive Compendium of Federal Buildings Fund Real Property Related Services are the basic documents that describe the services GSA is to provide agencies for their rental payments, numerous other documents also apply to direct and reimbursable services. At least 14 official and unofficial handbooks on reimbursable services are in use in various branches of the Public Buildings Service. In addition, various offices have issued memorandums attempting to clarify the guidance provided. In spite of GSA promulgating all the guidance, it is unclear in some cases and could also be conflicting.

Central Office representatives indicated there is no central compilation of guidance provided on reimbursable services. Further, regional PBS officials may issue additional instructions which Central Office may not be aware of. Thus, in addition to the basic documents and handbooks, numerous instructions are also issued by various levels of management within GSA.

Some GSA officials criticized the practice of establishing policies and procedures by memorandum. A regional official feared employees may not receive all memorandums and may thus be unaware of current policies and procedures.

The need to issue memorandums in order to clarify instructions received indicates that the instructions probably are subject to misinterpretation. Further, the chairman of a National Capital Region task force that studied reimbursable services said the various guidance documents taken together are confusing and sometimes conflicting, resulting in different practices at various management levels.

Not surprisingly, the vagueness of GSA guidance has resulted in dissimilar practices. Among them are the providing of incongruous levels of protective services and varying charges for utilities and incidental services. (See ch. 3.)

GSA's numerous documents do not adequately define which services are reimbursable to GSA and which are not. Thus the various officials who must make this decision are deciding inconsistently.

An important area of such inconsistency is in defining the standard level of services to be provided as part of rental payments. Although this definition is crucial in establishing both rental charges and reimbursements, it is outlined only vaguely in GSA documents. Beyond stating that these services will be those "normally" or "currently" furnished in commercial practice, GSA documents provide little guidance on the standard level of services to be provided for the rental payments. However, a recurring theme in its guidance documents is that GSA will provide the needed building services as long as its funds are available; beyond that, the agencies will reimburse GSA for such services. In our opinion, defining the standard level based on available funds does not satisfy the concept of a commercial equivalent.

#

#### MANAGEMENT CONTROLS ARE WEAK

Each Federal agency has the responsibility to control its operations and see that satisfactory results are obtained. Some important steps for an effective control system include checking performance, appraising results, and taking corrective action where needed. Inadequate controls and weaknesses in the reporting process contribute to management's inability to effectively monitor and control GSA's reimbursable activities.

#### Need to establish adequate control

Because responsibility for reimbursable work, a high volume and highly visible activity, is fragmented, adequate management control over all reimbursable activities is essential. Yet, in many areas it is weak.



One weakness concerns GSA's poorly controlled reimbursable document numbers assigned to work authorizations. Inadequate control over these numbers has created a potential for loss and misuse of funds and has contributed to inaccurate records and misleading reports. These control numbers are generated through the PBS information system at headquarters and transmitted to the regions in blocks as requested. Regional coordinators pass the control numbers on to the organizations performing the work, where they are assigned to individual work requests when received. Although the operating organizations maintain logs of these numbers, headquarters and the regional coordinators do not. Instead, they attempt to maintain control through memorandums of numbers requested. Also, because they do not use the system to assure that all numbers have been assigned or otherwise accounted for, the internal control process is weakened.

Because the numbering system does not identify the organization performing the work, control is further weakened since these organizations can charge costs against any work order, including those issued by others. For example, officials in region 5 could not explain why almost all of their 15 field offices each charged costs that totaled about \$59,000 against one work order issued by the Detroit field office.

Also, because some groups assign different sets of numbers to their work orders, the basic control feature is further weakened or lost. For instance, some field offices assign their own internal numbers. The regional space management division also assigns its own number. When this occurs, orders forwarded to the division could include as many as three numbers: the reimbursable work authorization number, the division's internal number, and a number assigned by the field office, branch, or other division. GSA's automated accounting system, however, only records data according to one number--the reimbursable work authorization number.

One of GSA's approaches to maintaining control is through an evaluation process involving field visits. Headquarters conducts management evaluation surveys of each regional office every other year that are admittedly somewhat limited in time and scope. For instance, the surveys are only 1 week in duration and involve only one field office per region. (One GSA region has had up to 40 field offices.) More limiting, however, is regional management's acceptance of the recommendations offered by the survey team. As an example, one team recommended that guidelines be established to clarify the National Capital Region's practice of charging tenants for protective services during emergencies, because this service should be part of the standard level provided the tenants. Regional management rejected this recommendation.

Recognizing the advantages of the evaluation process, however, the National Capital Region attempted to establish a regionwide evaluation program. The attempt was unsuccessful, we were told, because the program was never staffed. Nevertheless, the need continued, as illustrated by the large number of work orders that

remained in the automated system long after they were completed. Although hundreds of these orders in three field offices were completed for long periods--some dating back to 1974--they remained in the system until recently. Similar conditions existed in region 5 and resulted in GSA reporting other than a realistic and current inventory status.

Some reports are inadequate  
while others are not used

Improvements are required in GSA's reporting process and management's use of the reports prepared relating to reimbursable activities.

GSA uses a system it calls the National Electronic Accounting and Reporting (NEAR) system to account for direct and reimbursable funds, obligations, and costs. The system produces three types of reports: accounting, obligation, and cost. Accounting reports are used primarily by the finance division, whereas obligation and cost reports are intended to provide PBS with status and summary information to better manage building services and operations.

Managers vary in their acceptance and use of the computerized NEAR reports. Some managers maintain that many reports are inaccurate because the data is incomplete, unreliable, outdated, and erroneous. They said that some reports are voluminous, complicated, and useless for evaluating the status of reimbursable activity.

To illustrate, a region 5 official said a particular report on the status of work authorizations, considered by management to be one of its best, had only limited use since it was based on incomplete data. Specifically, many orders for reimbursable services were entered in the system without being estimated or priced; therefore, the results were distorted. Some 8,400 unpriced orders were in GSA's total system on September 30, 1979. We believe the large number of unpriced orders entered into the system (1) violates GSA's concept of advance pricing and billing its tenants for reimbursable services and (2) affects GSA's ability to maintain adequate records and to publish accurate reports and financial statements.

An April 1980 GSA headquarters' study of National Capital Region activities showed the region and its field offices failed to utilize the NEAR reports and to assure themselves that these reports were accurate. Ironically, this study also admonished the region for failing to prepare a manual report designed to monitor and control delivery times of reimbursable alterations. We understand that this mandatory report is being prepared manually by all the regions because a meaningful computerized NEAR report does not exist.

## CHAPTER 3

### UNCLEAR REGULATIONS FOSTER INCONSISTENT PRACTICES

#### RESULTING IN INCREASING REIMBURSABLES

Compounding the problems caused by fragmented management and control weaknesses are the vague regulations governing the provision of reimbursable services. Thus, the officials who must decide what services to provide on a reimbursable basis, based on existing regulations, are deciding inconsistently. While this condition exists, tenant dissatisfaction grows, and while some standard services decreased, some reimbursable services increased significantly.

Operating regulations do not specify hours of service. The regulations state only that building services will be provided for a 5-day week, one-shift regular work schedule. They also permit incidental use of the facilities and services afterhours without reimbursement. It is left up to each building manager to decide what constitutes "one-shift," "incidental use," or "commercially equivalent service."

#### INCONSISTENT CHARGES FOR UTILITIES

Regarding utility services, judgments as to what one-shift or commercially equivalent service means are being made differently. One appraiser said she defined one-shift as 8 hours plus startup and shutdown time. Another said he appraised for no specific number of hours. Whatever level of service the appraisers assume, building managers can, and often do, provide something different.

In the National Capital Region, where a September 1977 memorandum defined one-shift as 11-1/2 hours, standard services ranged from 10 to 12 hours. Moreover, regional leasing specialists provide for an 11-hour shift in their leases. However, in one leased facility the building manager charges for overtime utility service after 7-3/4 hours. Additionally, the Assistant Regional Administrator, PBS, in a 1980 memorandum directed that overtime utility services would be computed after 8 hours.

Recognizing the lack of definition for standard one-shift services, we attempted to determine whether tenants were billed for overtime utility services according to criteria developed by the National Capital Region. Because cost estimates were not prepared and other records and data were not available, we were unable to evaluate these tenant charges.

In region 5, a Cleveland building manager said he charges tenants extra for utilities beyond 8-1/2 hours, while Cincinnati and Chicago building managers charge extra for buildings occupied over 12 hours. In some Government-leased buildings, 11 hours of service is provided Monday through Friday as part of the rental

payments. Service provided in a Chicago building included 6 hours on Saturday.

Even the building managers' policies are not uniformly followed. In two Chicago high-rise buildings, three tenant agencies frequently used space afterhours without being charged. Officials at one agency told us they cannot understand why they must pay for utility use afterhours in two offices in their region but do not have to pay for such use in three other offices. Another agency said that they are charged for afterhours utilities in one of their facilities in Chicago, while they are not charged for such utilities in their regional office, a few blocks away.

#### Frequent charges for incidental services

Again, because the regulations are unclear, building managers often charge tenants for incidental services. Many of these charges are less than the cost of processing them.

As discussed earlier, GSA regulations permit "incidental" use of facilities and services afterhours without reimbursement. PBS instructions to building managers also provide for free occasional use of space, such as auditoriums and meeting rooms, when there is no significant cost to the Government.

Although these regulations and instructions permit free use, building managers generally assess the tenants for occasional use. One building manager in region 5 considers any charges for incidental services to be properly billable to the tenant when they exceed \$1 and another when they exceed \$25. Region 5 building managers have charged tenants as little as \$3 for overtime utility services. Further, they charged an agency \$30 to air condition the auditorium, while in another case they charged \$49 to heat it.

The FPMR does not cite a dollar value limit for incidental services. As a result, the administrative cost of processing a single order may often exceed the value of the work to be done. The GSA task force that studied reimbursables reported that processing an order costs over \$300 and that half of every one-time order processed was for \$500 or less. We found that about 59 percent of all one-time orders completed during fiscal year 1979 in region 5 and the National Capital Region were for \$500 or less. Further, 37 percent of those \$500 or under were for insignificant amounts of \$100 or less.

Reimbursable Work Authorizations Completed  
During Fiscal Year 1979 (Excluding Unpriced Orders)

<u>Dollar Value</u>	<u>National Capital Region</u>	<u>Region 5</u>	<u>Total</u>
\$1 to \$50	1,568 (11%)	99 (6%)	1,667 (10%)
\$51 to \$100	1,594 (11%)	191 (11%)	1,785 (11%)
\$101 to \$500	5,290 (37%)	775 (43%)	6,065 (38%)
\$501 to \$2,000	3,629 (25%)	494 (27%)	4,123 (25%)
Over \$2,000	<u>2,400 (16%)</u>	<u>243 (13%)</u>	<u>2,643 (16%)</u>
TOTAL	<u>14,481 (100%)</u>	<u>1,802 (100%)</u>	<u>16,283 (100%)</u>

In order to reduce the number of small value requests, GSA recently took the following actions.

--Delegated purchasing authority of up to \$1,000 to tenants so they can order directly from GSA contractors.

--Initiated open-end type orders to provide ongoing open accounts with tenants to handle small value, frequent services of a like nature, such as carpentry.

Each of the above actions may reduce the individual number of requests processed and may provide tenants with quicker service. However, if GSA does not exercise control in accepting or approving orders and tenants do not exercise restraint in requesting work to be done, the amount of money expended can increase significantly and may be in excess of what is actually necessary or what should rightfully be paid from GSA funds.

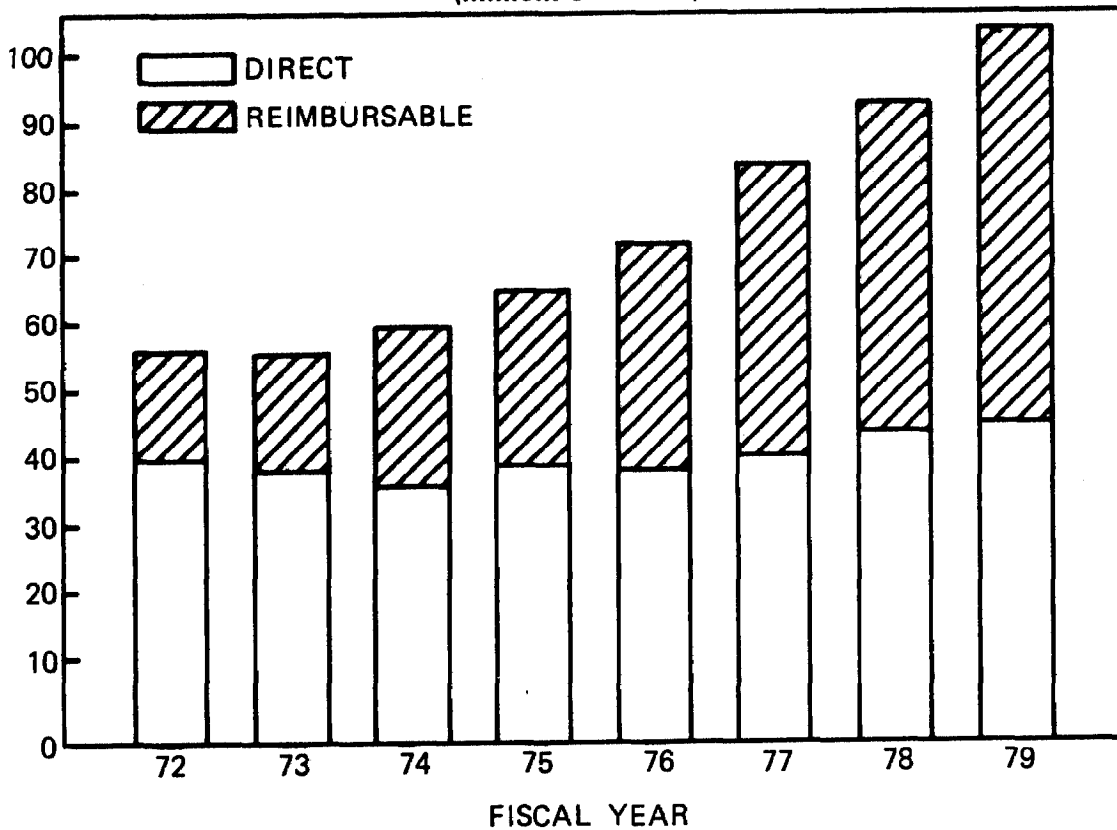
INCREASING REIMBURSEMENTS  
FOR PROTECTIVE SERVICES

The level of protection provided by GSA under its standard level user charge has been decreasing and the costs of such services financed by the Federal Buildings Fund have been increasing slightly. At the same time, reimbursements from tenants for protective services have significantly increased. GSA lacks a systematic method of assessing a building's security needs. Consequently, it cannot evaluate the necessity of tenants' requests for reimbursable protective services and usually grants them without question. Because protective services are financed partially by GSA and to a larger extent through reimbursements by their tenants, the total cost of these services is not made known to the Congress.

GSA guidance for determining the standard level of protection is vague. Regulations state only that GSA will supply "not less than the degree of protection provided by commercial building operators of similar space for normal risk occupants, as determined by GSA." In reality, officials acknowledged, levels of security are not based on the commercial equivalent, but on available funds. As these funds have been decreasing because of inflation in recent years, the level of direct protection has likewise decreased.

As noted in the chart below, during fiscal years 1972-79, funding for direct protective services increased only 14 percent. However, salaries for Federal protective officers increased about 20 percent in just 27 months, from October 1, 1977, to December 31, 1979. Since salaries have increased more dramatically than funding, the level of direct protection has dropped from 3,544 staff years in 1973 to 2,082 in 1979. In 1974 GSA responded to the shrinking security force by switching the standard method of providing protective services from fixed posts in most buildings to roving patrols.

**DIRECT AND REIMBURSABLE  
PROTECTIVE SERVICES PROVIDED**  
(Millions of Dollars)



Region 5 provides an example of decreasing levels of protection. The directly funded security force diminished from 441 in mid-1972 to 258 at the end of 1979. In 1980 GSA cut its force back by 40 more. Additionally, in May 1980, 30 region 5 protective officers were detailed to Camp McCoy, Wisconsin, where Cuban refugees were being housed. Its security force weakened, GSA warned its region 5 tenants in July 1980 that it would be unable to provide the normal level of protection for an indefinite period.

Tenant agencies have compensated for reduced levels of direct protection by paying for protective services through reimbursable funds. For example, the Veterans Administration's Cleveland office paid \$14,000 for fixed-post protective service in fiscal year 1980 and the Department of Housing and Urban Development office in Chicago in fiscal year 1979 paid \$21,000. As the chart shows, reimbursements for protective services more than tripled during 1972-79, surpassing direct funding in 1977. For fiscal year 1979, \$59 million, or about 57 percent, of funds for protection were from tenant agencies.

As part of its management action plan to restrict spending of direct appropriated funds in late fiscal year 1980, the National Capital Region proposed to eliminate

- 72,000 staff-hours of standard level contract protection,
- 23,000 staff-hours of reimbursable contract protection,  
and
- 23,000 staff-hours of standard level Federal protective service.

The strategy for accomplishing the above was to reassign the Federal protective officers to fill the openings created by the reduction in reimbursable contract protection and to provide agencies affected with the opportunity to convert standard level positions to reimbursable. As can be seen, these actions are arbitrary on the part of GSA whose concern appears to be more of funding rather than of providing the protection called for under its standard level user charge.

Further, GSA generally grants agency requests for protection without question, because it has no standard criteria for assessing a building's or agency's security requirements. Thus, some of the requests may be unreasonable. For example, the Health Resources Administration, Public Health Service, reimbursed GSA about \$250,000 in fiscal year 1979 for protective service in its headquarters in Hyattsville, Maryland. The agency took over the service--consisting of a main security post staffed by several guards, 24-hour security patrols, and fixed-posts at various entrances during work hours--from the previous tenant, the Naval Ship Engineering Center, in about April 1977. While the Navy's operations may have justified this level of security, the new tenant's did not, according to GSA officials after we brought this

matter to their attention. Two nearby buildings housing Federal agencies did not receive reimbursable protection.

Only when GSA can assess the security requirements of each building and agency will it be in a position to fulfill those requirements adequately and at the least cost. Recognizing this need, GSA has begun designing and testing a system--called "the manpower allocation model"--to determine building security requirements.

In a related matter, on August 5, 1980, we issued a report to the Administrator of GSA entitled "GSA is Over-charging Some Federal Agencies for Protective Services" (LCD-80-93). The report concluded that GSA is overcharging certain agencies because appraisers often include charges for protective services in their rental rate estimates, even though GSA adds a protection surcharge to these rates in computing the standard level user charges. GSA replied in October 1980 that revised instructions would be issued to appraisers to exclude all protection service charges. Further, that it would be accomplished in a time frame which will insure that such charges would not be levied after October 1, 1981, and that any charges for fiscal year 1981 would be returned through reduced billings.

#### TENANT DISSATISFACTION

The problems and confusion within GSA have had an impact on tenant agencies and have resulted in growing tenant dissatisfaction. Tenants' complain that GSA has never made clear what services they are entitled to as part of their rental payments. They also complain about the slow estimating process and the high charges. Their greatest concern, however, is with GSA's inability to deliver services within a reasonable time.

#### Complaints about unclear regulations

As previously mentioned, GSA developed and issued a Compendium of Federal Buildings Fund Real Property Services in response to numerous questions and complaints generated by the tenants. Because the objective of the Compendium--to clarify the regulations and the services the tenants were entitled to for their rental payments--was not achieved, tenants continue to complain. Some tenants say they pay for services which should be provided by the landlord as part of their rent payments. In addition, many tenants were confused about what services they are entitled to receive without an additional charge.

Four tenants interviewed in region 5 told us they were unaware that a Compendium had been published. Tenants in the National Capital Region considered the Compendium inadequate because the level of service to be provided by GSA was not adequately defined. These recent interviews reconfirmed data presented in the President's Task Force Study which disclosed that about one-half of the 268 tenants contacted did not understand



the basis for the services they were entitled to for their rent payments.

Further, Department of Defense officials continued to complain and in May 1979 stated they were overcharged for utility services. Overcharging occurred, they said, because GSA's regular one-shift work schedule consisted of 8-1/2 hours whereas commercial leases provided a far more liberal work schedule.

To further illustrate, although the Department of Transportation did not specifically complain about the unclear regulations, it was overcharged for utility services unwittingly. This occurred because the GSA manager responsible for a leased facility in Washington, D.C., billed two Transportation agencies in the same building for the same service at the same time. Not knowing the number of hours included in the standard one-shift operation, these two agencies were billed almost \$17,000 for overtime services for just the third quarter of fiscal year 1979.

#### Complaints of high prices

The estimated costs of tenants' reimbursable work requests are generally made by the building manager's staff, and on larger projects by professional estimators in the Construction Management Division. Until recently, these estimates in most field offices were prepared by assistant managers, shop foremen, or tradesmen. Labor and material costs are generally based on the best judgment of the estimator, and in some cases are just "guesstimates."

Tenants receive these estimates as the price offered by GSA to accomplish the task requested. When accepted by the tenant, the estimated price becomes fixed and is billed before work is initiated.

In the Presidential Task Force canvass of most agencies served by GSA, 52 percent considered their prices for reimbursable work to be unreasonable. In our review of the management of GSA's alterations and major repairs program, <sup>1</sup>/ many tenants indicated their concern in having to pay high prices. Although only two agencies of those queried in region 5 refused to pay the high prices and canceled their orders, 50 percent thought GSA was overcharging. After one agency in the National Capital Region learned that GSA's estimate for expanding a computer facility was overstated by \$1.2 million, it requested and received a refund.

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<sup>1</sup>/Report to the Administrator, GSA, entitled "The General Services Administration Should Improve the Management of Its Alterations and Major Repairs Program" (LCD-79-310, July 7, 1979).

In fiscal year 1978, because the Office of Personnel Management in region 5 considered GSA charges for overtime services to be excessive, it discontinued using a Federal building to conduct its employment qualification tests. Instead, it used space provided by other Government agencies and some educational institutions.

Many times estimates are arbitrarily slashed when questioned by the tenants, indicating that the initial price was exaggerated. As an example, because the Bureau of Alcohol, Tobacco and Firearms in region 5 questioned GSA's estimate for surveying the air-conditioning requirements for a small computer room, it was reduced 38 percent from \$1,200 to \$750. Further, the initial survey price amounted to 25 percent of the cost to purchase and install the equipment necessary to complete the work and was considered unreasonable by the tenant.

#### Complaints about slow delivery

Tenants have often complained about GSA's slow delivery of services. This problem was noted by the GSA Administrator in his testimony before a Senate subcommittee in October 1979.

"I found a complete absence of mission understanding. The agency had lost sight of its reason for existence, which is to provide administrative services to the other Federal executive agencies in a timely and efficient manner, at the lowest over all cost to the taxpayer."

These perceptions are echoed by the increasing backlog of requests for reimbursable work.

#### Increasing backlog

Reimbursable work requests are piling up. At the beginning of fiscal year 1979, GSA reported that its total system included some 23,000 incomplete orders. Approximately 5-1/2 months later, the backlog had increased to over 31,000. The estimated value of orders received between October 1978 and mid-March 1979 amounted to \$405.6 million. This represented an increase of \$102 million since the beginning of the fiscal year. Also, GSA had accepted an additional 6,000 of these orders but had not estimated their price.

GSA's volume of work authorizations accepted, priced, and billed to the tenant agencies continued to spiral upward. As of September 30, 1979, GSA had accepted over 74,500 orders valued at \$496 million. It reported, however, that some 31,000 of these orders had been completed. The backlog of incomplete orders at the end of fiscal year 1979 had almost doubled, and in 6 months, the number of unpriced requests increased by 43 percent.

Factors contributing to this increasing backlog are GSA's failure to prepare and process work estimates promptly and the low priority given reimbursable work.

Prompt delivery of service is not always achieved by GSA in many cases because of the estimating process. Generally, before work requests for services are accepted, the tenant and GSA usually agree on the scope of work and the price charged. However, the price had not been established on some 6,000 orders accepted into the system at mid-March 1979 because estimates had not been prepared. At the end of fiscal year 1979 these unestimated and unpriced orders totaled over 8,400.

GSA officials recognize the problems attributable to the lack of a uniform estimating policy and practice. As a result, in the planning process for 1981, GSA provided for a planner/estimator position for its field offices. At the time of our review, region 5 had filled these positions in 4 of its 15 field offices.

Another reason for the lack of timely service is that reimbursable work is considered low priority. The methods used by some building managers to schedule their reimbursable work is another.

A GSA handbook instructs building managers that their first priority is delivering standard services to tenants. In addition, according to some building managers, maintaining the equipment and facilities takes precedence over reimbursable work.

In region 5, some managers stated that they are only staffed to provide standard level services. Others added that they work on reimbursable orders when it does not interfere with their other priorities.

One foreman stated he does not schedule any work because he waits for the building manager to tell him when specific work requested should begin. He stated the basic scheduling philosophy is, "The squeaky wheel gets the grease." In other words, tenants must complain to the building manager if they want the work they have requested accomplished.

## CHAPTER 4

### CONCLUSIONS, RECOMMENDATIONS, AND AGENCY COMMENTS AND OUR EVALUATION

For fiscal year 1981, GSA proposed to the Congress Direct funding of \$536.5 million for real property operations. Its justification stated that this provides for the operation of all Government-owned facilities under the jurisdiction of GSA and for building services in leased space in the GSA inventory where the terms of the lease do not require the lessor to furnish such services. Services included are cleaning; protection; maintenance; payments for utilities, fuel, and other miscellaneous activities such as grounds maintenance, elevator operations, and day-to-day servicing of tenants' needs. The space, operations, and services referred to above are furnished by GSA to its tenant agencies in return for their rental payment.

At the same time, GSA estimated about \$300 million in reimbursable services. According to GSA, these are services requested by Federal agencies which are above those commercially equivalent levels of services which GSA furnishes its tenant agencies in return for rent payments. These requirements occur when agencies require overtime operation of facilities because of cyclical work or when certain activities of an agency must be operational on a continuing basis for other than a normal one-shift operation.

#### CONCLUSIONS

The above implies that GSA tenants have a high volume of special needs (over and above those commercially equivalent levels of services GSA furnishes) which they have requested GSA to fill. As a result, a significant amount of funds are available to GSA for its operations and there is limited, if any, direct control by the Congress over such funds. Therefore, GSA must provide the management necessary to discharge its responsibility in this area efficiently, effectively, and economically.

Although reimbursable work is a major part of GSA's services to tenant agencies, no individual within GSA has been given overall responsibility for managing it. Rather, responsibility is fragmented among building managers, area managers, and division directors. The lack of central authority causes confusion among GSA officials and tenants and contributes to weaknesses in management controls.

Because responsibility is so fragmented, adequate control is essential to prevent fraud, waste, and abuse. Further, to eliminate inconsistencies in operational and management practices, improvements are required in the reporting process as well as in the use made of available reports. Inadequate controls and weaknesses

in the reporting process contribute to management's inability to effectively monitor and control GSA's reimbursable activities.

The vague regulations governing reimbursable services compound the problems caused by fragmented management and weak controls. Because of their vagueness, the regulations are inconsistently interpreted by those providing and charging for services. As we pointed out, some agencies are charged for utility use afterhours, while others are not. Also, some managers charge for incidental services while others do not. The reasonableness of charging tenants for such services is also questionable when in many instances the cost to GSA of processing a work authorization exceeds the cost of the services provided.

GSA can provide virtually the same services on a direct or on a reimbursable basis, depending on GSA operating managers' interpretations of commercially equivalent. Tenants are confused about what services they are entitled to receive without additional charge. Because GSA officials have inadequately defined the standard level of service, inconsistently interpreted the regulations, and failed to evaluate agencies' requests, the level of reimbursable services has continued to rise. This rise is most dramatic in reimbursements for protective services which rose 349 percent from 1972 to 1979. It is possible, and highly likely, that some of these services, which should be provided by GSA are being billed as reimbursable. A major cause regarding protective services is the lack of GSA criteria for use in assessing needs of tenants on a building-by-building basis.

There is growing tenant dissatisfaction about GSA's unclear regulations, slow estimating and high prices, and slow delivery of services. We believe an important part of GSA's mission is to provide services to other agencies in a timely and efficient manner and at the lowest overall cost to the taxpayer.

GSA's management of reimbursable services needs to be improved. We believe a single manager could best resolve these problems and would enhance GSA's ability to satisfy tenant requests for services promptly, consistently, and efficiently.

#### RECOMMENDATIONS

We recommend that the Administrator of General Services require the Commissioner, Public Buildings Service, to:

- Publish clear criteria for determining what services are reimbursable and procedures for providing them.
- Manage resources in support of the program to ensure that reimbursable requests are justified and services are promptly delivered.

--Continually monitor and evaluate the program to improve management and ensure the quality of services, the reasonableness and consistency of charges, the soundness of controls, and the adequacy and uniformity of procedures.

In our opinion, these responsibilities can be discharged most effectively by giving reimbursable work separate program status and designating a single reimbursable services manager within the Public Buildings Service to oversee GSA's provision of reimbursable services.

#### AGENCY COMMENTS AND OUR EVALUATION

The Acting Administrator of General Services commented on a draft of this report on March 30, 1981. (See app. I.) He stated that GSA recognizes that there is a need to effect improvements in the reimbursable program. According to the Acting Administrator, a GSA task force recently conducted a study which addressed all the concerns cited in our draft report and the task force's recommendations were under review and will be acted upon in the near future. He said GSA will provide a copy of the task force's report to us as soon as it is available.

#### Controls over reimbursable program

GSA commented that, contrary to our conclusion that the Congress has limited control over funds expended for reimbursable services, both the Congress and the Office of Management and Budget exercise extensive and direct control over funds expended from the Federal Buildings Fund by GSA for reimbursable services. GSA explained that the Congress appropriates operating funds directly to GSA's customer agencies for these services and OMB establishes specific limitations on the amounts GSA may obligate from the Federal Buildings Fund for reimbursable services.

We are aware that the budgets of agencies carry a line item for standard level user charges and that OMB and the Congress by reviewing such line items can exercise control over those funds. However, we believe that neither OMB nor the appropriations committees have as clear visibility over funds to be used for reimbursable services as they do over funds for standard level user charges. This results from the funds requested for reimbursable services being somewhat buried in agencies' budget line items for operations and maintenance.

In summary, we still believe that the extent of direct congressional control over the reimbursable funds available to GSA is limited.

#### Tenants procuring unneeded services

GSA stated it was unable to deal with the issue of some tenants procuring unneeded services. More specifically, GSA

said it was not funded or staffed to audit and/or evaluate the appropriateness of how other agencies use their appropriations. Further, GSA said officials in other agencies authorizing work and certifying fund availability are in effect stating that the work is essential to mission fulfillment. GSA concluded that this oversight function rests primarily with OMB and the Congress.

Our review indicates the number of reimbursable requests continues to grow. We believe that at least some of this growth is because GSA generally accepts an agency's request for services without questioning need and, therefore, the thinking among GSA's customers is that if you have the funds, GSA will accept the work. Specifically, in this report, we point out that GSA generally grants agency requests for protection without question because it has not established criteria for assessing a building's or agency's security requirements. We cited one case where GSA was providing protection on a reimbursable basis when it appeared that the level of service was not justified. GSA did tell us that it exercised judgments in certain instances at specific locations. While agencies know a great deal about their needs, we see no reason why GSA could not exercise its judgment more often and advise agencies based on its expertise.

#### Inconsistencies in services provided

GSA stated that the impact of numerous variable external factors, such as building mechanical and structural peculiarities, unique occupant agency security and operational requirements, and geographical location, affect the configuration of GSA's standard level and reimbursable program. GSA said that these and other factors which are inherent in a program of such a scope will inevitably result in inconsistencies in service delivery and the charges that GSA must assess to recoup the actual costs incurred in the performance of reimbursable building services. According to GSA, it is these problems that GSA policymakers are continuously striving to correct.

GSA also stated that its managers are expected to exercise sound judgment in the interpretation and application of programmatic and policy guidelines which, by necessity, are broad to afford management the flexibility needed to accommodate highly varied and constantly changing sets of operating circumstances relating not only to GSA, but to its many tenant agencies.

We did not intend to imply that inconsistencies in charges to agencies for services provided over and above those covered in the standard level user charge will be totally eliminated. Nor do we fail to recognize that external factors have an affect on reimbursable services. At the same time, we believe that there are opportunities for resolving some of the inconsistencies noted during our review.

Tenants complain that GSA has never made it clear what services they are entitled to as part of their rental payments. Why should a tenant agency not know specifically what services are being provided in rental payments to GSA, and specifically, what is to be considered reimbursable and what is the basis for the cost? Why should an agency not expect to (1) receive the same services for rental payments, especially in the same city and (2) reimburse GSA for other like services? Virtually the same services can be provided by GSA on a direct (included in the standard level user charge) or reimbursable basis, depending on GSA's operating managers' interpretations of commercially equivalent. Further, it also appears that in many cases the interpretation of which services, or level of services, are to be covered by the user charge, and which are to be considered reimbursable, is based on the availability of funds. As previously noted, GSA issued a Compendium of Federal Buildings Fund Real Property Related Services to clarify what building services PBS will provide agencies for their rental payments. The desired clarification was not achieved, however, as some tenants say they pay for services which should be provided by GSA. In addition, many tenants were confused about what services they are entitled to receive without additional charge.

We believe unclear regulations foster inconsistent practices within GSA. Policy guidelines that are broad, coupled with vague regulations, lead to inconsistencies and inequities in dealing with tenant agencies. GSA's numerous documents do not adequately define which services are reimbursable to GSA and which are not.

#### Establishment of a single manager

GSA did not agree with our conclusion that no individual within GSA has been given overall responsibility for managing reimbursables and that responsibility is fragmented among building managers, area managers, and division directors. GSA points out that our report fails to recognize the basic fact that responsibility for this and all GSA programs is vested in the Administrator, who delegates authority for its administration to program managers at the regional and field office levels. GSA further stated that full regional operational responsibility has been delegated to the regional administrators. GSA disagreed with our position that a single manager for reimbursable work is needed. GSA felt this would do nothing to correct the inconsistencies noted in our report.

Certainly the Administrator of GSA has overall responsibility for all of GSA's operations. However, the same kind of responsibility is given to every agency head. Each Federal agency has the responsibility to control its operations and to see that satisfactory results are being obtained. Certainly an agency head needs an organization under him/her to discharge the responsibilities and duties of the agency. Our review indicates, however, that the reimbursable area is not organized, managed, or



controlled in a manner similar to other PBS programs. GSA officials advised us that because reimbursable services relate to different program areas (such as rental of space, repairs and alterations, real property operations, and program direction), the program offices in charge of these programs generally have oversight responsibility for that portion of the program that pertains to them while operating responsibility for the program rests with the regions. Further, the official (headquarters, region, area office, or building) who authorizes the reimbursable work is responsible for seeing that it is completed. Our report shows the impact of this wide split in management responsibilities. The result is inadequate oversight and control by regional and headquarters management, further complicated by inadequate controls and weaknesses in the reporting process which contribute to management's inability to effectively monitor and control GSA's reimbursable activities.

In our opinion there is a need for strong centralized management and control to provide for more effective program management. Organization, functions, policies, procedures, and resources involved in the reimbursable process should be clearly identified and defined; performance should be measured and evaluated; and reimbursable charges should be fair and uniformly administered. A 1979 study by a GSA task force focused its report on the need for GSA to increase its management attention to improve the delivery of reimbursable services. Further, a part of this focus stressed the need for GSA to elevate reimbursable services to the full and separate status of a major program activity. We continue to believe that unclear regulations, fragmented management, and weak controls are the major contributors to the inconsistencies noted in our report, and that these problems can be best dealt with by designating a single manager within PBS to serve as a focal point and to review and evaluate reimbursables on a continuing basis. Although establishing a single manager does not preclude the delegation of duties to the GSA regions, the single manager would still be held accountable for the management of the total reimbursables program.



MAR 31 1981

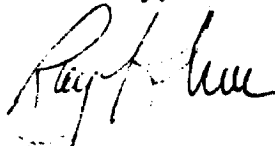
Honorable Milton J. Socolar  
Acting Comptroller General of  
the United States  
General Accounting Office  
Washington, D.C. 20548

Dear Mr. Socolar:

This is in response to the General Accounting Office (GAO) Draft Report entitled "GSA Should Establish a Single Manager Within its Public Buildings Service to Effectively Provide Reimbursable Services". Our views on the GAO recommendations are set forth in the attachment.

We recognize that there is a need to effect improvements in the Reimbursable Program. A GSA Task Force recently conducted a study which addressed all the concerns cited in the GAO Draft Report. The recommendations of the study group are under review and will be acted upon in the near future. A copy of this report will be forwarded to GAO as soon as available.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Ray H. ...'.

Ray H. ...  
Acting Administrator

Enclosure

GSA Comments on the GAO Draft Report  
entitled "GSA Should Establish a Single  
Manager Within its Public Buildings Service  
to Effectively Provide Reimbursable Services"

The GAO Draft Report does not put in clear perspective the relationship between GSA and its customer agencies with respect to reimbursable services provided by GSA. The report needs to be expanded to explain:

- a) Regardless of the amounts advanced by agencies into the Federal Buildings Fund (FBF) for reimbursable services, the Government via GSA expends only those amounts actually incurred to provide the requested service. Therefore, there is waste only to the extent that (1) GSA actually expends more than a reasonable sum from the FBF in the accomplishment of the requested service and/or (2) the service(s) requested by the customer agency and funded by the Congress is inherently wasteful.
- b) Within the budget process, agencies anticipate most of their reimbursable requirements and are funded accordingly within their annual appropriations. Agencies normally develop their budget projections in coordination with GSA and, in effect, are funded by Congress at a level commensurate with the level of reimbursable requested of GSA for these services.
- c) Contrary to the conclusion drawn by the GAO (see p. 34) both the Congress and OMB exercise extensive and direct control over the funds expended from the FBF by GSA for reimbursable services. Congress appropriates operating funds directly to GSA's customer agencies for these services. In addition, OMB establishes specific limitations on the amounts GSA may obligate from the FBF for reimbursable services. GSA is unable to deal with the issue of some tenants procuring unneeded services. GSA is not funded or staffed to audit and/or evaluate the appropriateness of how other agencies use their appropriations, although it exercises judgements concerning the effect certain work might have on general building operations at a specific location. Moreover, other agencies' officials authorized to order work and certify fund availability for such work are in effect stating that the work is essential to mission fulfillment. This oversight function rests primarily with OMB and the Congress.
- d) Although the volume of requests received from its customer agencies may have increased dramatically, GSA's capacity to deliver or accomplish these services since the inception of the FBF in FY 1975 has remained constant. Since the inception of the FBF in FY 1975 the volume of services actually delivered has increased 13.4% per year which is consistent with the annual rate of inflation impacting reimbursable service areas.

The conclusion reached in the Draft Report that no individual within GSA has been given overall responsibility for managing the reimbursable program and that this responsibility is "fragmented" among building managers, area managers and division directors is erroneous. The report totally fails to recognize the basic fact that responsibility for this and all GSA programs is vested in the Administrator who delegates authority for its administration to program managers at the regional

and field office levels (Delegation of Authority Manual ADM P 5450.39A). In addition, full regional operational responsibility was delegated to the Regional Administrator in accordance with ADM 1000.3, dated July 2, 1979. GSA managers are expected to exercise sound judgement in the interpretation and application of programmatic and policy guidelines which by necessity are very broad to afford the management flexibility needed to accommodate highly varied and constantly changing sets of operating circumstances relating not only to GSA but to its many tenant agencies. If we accept the GAO conclusion in this regard, then responsibility for virtually every major Government program is likewise fragmented, and program decentralization is no longer a viable management alternative since it is conducive to "fraud, waste, and abuse". Further, the conclusions and recommendations presented in the Draft Report by the GAO are overly simplistic and do not indicate that satisfactory consideration was given to the impact of the numerous variable external factors affecting the configuration of GSA's standard level and reimbursable program in nearly 10,000 federally owned and leased locations nationwide:

- Building mechanical and structural peculiarities
- Building occupancy mix and unique occupant agency security and operational requirements
- Geographical location
- Composition of Government and Contractor workforces
- Government Contracting and procurement constraints

These and other factors which are inherent in any Real Property Operations program of this scope will inevitably result in inconsistencies in service delivery and the charges that GSA must assess to recoup the actual costs incurred in the performance of reimbursable building services. It is these problems that GSA policy makers are continuously striving to correct.

Within the limited staffing and funding resources available, GSA Regional and field program managers must maintain a reasonable balance between the accomplishment of standard level and reimbursable building services. Since standard level services (SLUC) by definition comprise those services most essential to the health and safety of occupant agency personnel and the public doing business in our buildings, these services should always have priority over reimbursable services. The reality of the situation and our experience dictates that this balance is best achieved on-site by each field manager who is generally close enough to the operation and technically competent to make intelligent decisions in this regard. Establishing "separate program status" for reimbursable work and a "single" manager as a "focal point" for managing the expenditure of resources for reimbursable is unwise and will do nothing to effectively change the operational realities which generate many of the inconsistencies noted in the report.

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